Austria Sch22	Indonesia ... Rp3100	Portugal Esc100
Bahrain Din0.650	Israel NS3.50	S.Arabia Rls6.00
Belgium BFr48	Italy L1600	Singapore ..... S$4.10
Canada ..... C$1.00	Japan Y600	Spain Pta125
Cyprus ..... C£0.75	Jordan Fils500	Sri Lanka Rup30
Denmark DKr9.00	Kuwait Fils500	Sweden SKr8.00
Egypt ..... E£2.25	Lebanon ... $L125.00	Switzerland. SFr2.20
Finland Fmk7.00	Luxembourg .. LFr48	Taiwan ..... NT$65
France FFr6.50	Malaysia Rm4.25	Thailand Bht50
Germany DM2.20	Mexico Pes300	Tunisia Din0.800
Greece Dr100	Morocco Dh6.00	Turkey L500
Hong Kong ..... HK$12	Netherlands ... Fl3.00	UAE Dh6.50
India Rup15	Norway Nkr8.00	USA $1.00

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,381 Thursday November 5 1987 D 8523 A

Malaysia: A delicate balancing act under strain, Page 3

World News

Reagan and Nato unite over IMF arms treaty

President Ronald Reagan and Nato defence ministers issued separate endorsements of a possible US-Soviet pact taking medium-range nuclear missiles from Europe.

But Mr Caspar Weinberger, US Defence Secretary who is due to retire this week, warned that the possibility "could not be overlooked" that US senators might reject the treaty or attach reservations requiring renegotiation with Moscow. Page 18

Missile test plea

A group of 45 senators urged President Reagan to postpone testing of a new 12-warhead Trident-2 missile, saying the test could weaken the US position in arms talks with Moscow.

Iranians mobilise

Iran declared a week of mobilisation in preparation "for confronting America in the Persian Gulf." Tehran Radio said several million people took part in an anti-US demonstration in the capital.

Spanish deadline

Spain prepared to enforce a six-month deadline for an agreement on the future of US air bases, with little optimism on either side for a breakthrough in negotiations being held in Madrid. Page 2

India-Pakistan talks

India and Pakistan agreed to hold talks during the next few months on a peace and friendship pact. Among items for discussion would be an extradition treaty and an agreement not to attack each other's nuclear facilities.

Ireland extends limits

Ireland said it would follow the example of 102 other coastal states and extend its territorial waters, from three to 12 nautical miles from its coastline. A similar move by Britain provoked blockades of French ports by fishermen recently.

Argentine strike chaos

A national general strike paralysed Argentina as banks and offices closed, factory workers downed tools and public transport came to a halt. Page 4

Space plan criticised

Britain condemned ambitious plans for a joint European orbital space station and shuttle as too grandiose and called for a rethink of commercial priorities.

South Asia links

The two-year-old South Asian Association for Regional Co-operation decided to start edging towards introduction of economic and industrial ties between its seven member countries. Page 3

Spanish floods kill 3

A West German tourist and two Spanish women were killed in floods in south-east Spain and thousands of families were evacuated from low-lying areas of Alicante.

Cancer cure warning

Cancer experts said that fear of AIDS had shifted attention away from the dangers of cancer and warned that one in three Europeans could develop cancer. There were 10,000 cancer patients for every AIDS case.

Drugs tax planned

The Dutch Government said it would tax part of the illegal multi-billion-dollar drugs trade in Amsterdam by asking 250 cafes known for dealing in hashish and cannabis to declare their drug-related profits.

Rash nappy claim

French law courts ordered a nappy manufacturer to stop advertising one of its brands with a comparative test which gave a misleading impression of the nappy's capabilities. Page 18

Business Summary

Plans for credit card deal under scrutiny

EUROPEAN Commission launched an inquiry into whether plans by Europe's leading retail banks to make their cash and credit cards fully compatible might restrict free competition. Page 18

GENENTECH, US bio-engineering company, has been awarded a broad US patent which will enable it to claim royalty payments from the sale of a wide range of biotech products sold by its US competitors. The patent covers one of the basic techniques of the biotechnology industry in which micro-organisms are used to create useful proteins. Page 19

ROCKWELL, diversified US defence and electronics group which makes the B-1 strategic bomber, reported a 13.4 per cent decline in fourth-quarter earnings to $140m or 51 cents a share from $161.8m or 55 cents. Page 19

FERRUZZI, Italian agri-industrial conglomerate, may sell its 53.8 stake in Mira Lanza, Italy's largest detergent manufacturer. Page 19

DOLLAR: closed in New York at DM1.7035; Y136.65; SFr1.4045 and FFr5.7980. It closed in London at DM1.7150 (DM1.7120); Y137.35 (Y137.05); SFr1.4130 (SFr1.4150); FFr5.83 from (FFr5.8050). On Bank of England figures, the dollar's exchange rate index rose from 98.0 to 98.1. Page 28

STERLING: closed in New York at $1.7545. It closed in London at $1.7415 ($1.7390); DM2.9875 (DM2.9775); Y239.25 (Y238.25); SFr2.4600 (unchanged); FFr10.1525 (FFr10.0950). Page 29

GOLD was fixed at $466.15 yesterday afternoon compared with $467.0 in the morning. Trading in precious metals remained subdued and there appeared to be little fresh demand despite the dollar's continued fall. Page 28

FEDERAL-MOGUL, US vehicle parts group which is emerging from a restructuring programme, hopes to win new business from Japanese motor groups as they set up engine plants in the US. Page 19

SOCIETE Financiere Eternit, French cement fibre products company, has received board approval for a new $5.85 a share cash bid for Susquehanna, the US building products company. Page 19

EASTMAN KODAK, world's largest producer of photographic products, continued its record year with a 51 per cent increase in third-quarter net earnings to $396.1m, or $1.18 a share, up from year earlier level of $263m, or 77 cents a share. Page 19

PAN AM, US airline group, continued to show signs of recovery with a third-quarter net income of $63.4m or 45 cents a share, up from $5.5m or 4 cents in the 1986 period. Page 19

NIPPON OIL, Japan's biggest petroleum products distributor, showed a dip in pre-tax profits for the six months to September to Y13.61bn ($99m) compared with Y14.19bn for the same period last year. Page 22

JAPANESE underwriters of new British Petroleum shares, who face losses of some £80m ($139m) because of the slump in the BP share price, face the additional humiliation of having to turn away prospective customers. Page 24

CNA GALLO, South African stationery, books and record distribution chain, gained from a small recovery in consumer spending during the six months to September, with turnover up by 21 per cent to R180m ($91m) from R149m. Page 22

SOUTH AFRICAN Breweries, diversified brewing and consumer products group, lifted turnover by 19 per cent in the six months to September to R3.84bn ($1.94bn) against R3.22bn in the corresponding six months of 1986. Page 22

COCA COLA has shelved a planned $120m investment in Belize, after pressure from environmentalists. Page 5

Gorbachev says Soviets fail to set model for others

Mikhail Gorbachev: admitted stagnation

BY PATRICK COCKBURN IN MOSCOW

MR MIKHAIL Gorbachev, the Soviet leader, yesterday blamed the decline or collapse of Communist parties in other countries on the Soviet Union's failure to become a society on which others could model themselves.

And he said that he expected a remodelled Communist movement to compete more vigorously with the West, admitting that stagnation at home and obsolete ideas about foreign relations had badly damaged socialism.

"The arrogance of omniscience is akin to fear of not being able to cope with new problems," he said.

"It speaks of a tenacious habit to reject other points of view out of hand. There there can be no dialogue, no productive discussion and, worst of all, the cause suffers."

Mr Gorbachev said in a speech on Monday that all Communist parties must be independent, asserting that this had been the rule since 1956 but had not always been obeyed.

His speech, part of the 70th anniversary celebrations of the 1917 Bolshevik Revolution, is important because it is the first time he has addressed himself at length on how he sees the future of world Communist parties.

Reserving his strongest criticism for the "stagnation" of the Brezhnev years, he said: "We ourselves felt strongly how socialism's international impulse was declining in the stagnation period."

In what is evidently a reference to the former Soviet approach, he attacked obsolete propositions from Marx and Engels.

"The postulates of the fifties and sixties, let alone the thirties, are of no use in addressing the world today," he said.

Since the mid-seventies, Moscow has seen powerful Communist parties in France, Spain, Italy and Finland becoming marginal or, at best, suffering a serious loss in support.

A further sign of changing Soviet attitudes to other Communist parties came yesterday when a senior Soviet historian said a reassessment was needed of the Soviet invasion of Czechoslovakia in 1968.

Mr Georgy Smirnov, director of the party's Marxism-Leninism Institute, said: "I think we need to think over the events of 1968."

Because the present Czech Government was put into power by the Soviet invasion, Moscow will never denounce the decision to intervene.

But Mr Gorbachev said he believed that successful modelling of the Soviet state and society would once again make it a credible alternative to capitalism.

He said the real impact of the technological revolution in the West was only slowly becoming apparent.

East European reaction, Page 2

Eurotunnel consortium offers 'free travel' perk to investors

By Paul Betts in Paris

THE PERKS attaching to shares in Eurotunnel's £750m ($1.3bn) offer for sale later this month will include "free" travel for investors - but with strings attached.

It emerged yesterday that subscribers will have to buy about £5,000 worth of shares in the Anglo-French consortium to qualify for unlimited travel through the tunnel until the year 2042. They will also have to pay £10 a year to qualify for the "free" journeys and a £1 each-way terminal fee.

Mr Andre Benard, the French co-chairman of the consortium, disclosed details of these and other perks in Paris yesterday immediately after the simultaneous signature in the French capital and London of the £5bn credit facility extended by 198 international banks to fund 80 per cent of the tunnel's construction costs.

The harmony of the ceremony was marred by a squabble between the French and British partners over the timing of the announcement of the details of the share offer.

Britain wanted to hold back publication until this morning's launch of the pathfinder prospectus. But the French wanted to combine the two events, and only held back from publishing the pathfinder a day earlier at the insistence of Mr Alastair Morton, the British co-chairman of the consortium.

However, Mr Benard revealed that the pathfinder prospectus would be based on a provisional price of 350p or FFr35 for shares to be offered to the public on November 16.

French bankers yesterday also acknowledged that the launch of the offer could be delayed by a few days in the event of renewed turmoil on world stock markets. They also suggested that the eventual offer price would probably be slightly lower than the indicative price of £3.50 or FFr35 a share.

To make the offer more attractive, the shares will carry a warrant enabling shareholders to buy additional shares on the basis of 10 warrants for one new share. The shares and warrants will be quoted simultaneously on the London and Paris stock markets in mid-December.

Investors buying 100 shares or more will be granted special travel perks. Mr Benard said that investors buying 1,500 shares or more would almost have free access to the tunnel for their cars and passengers for the length of the 55-year concessions, although they would have to pay a nominal annual charge of £10 or FFr100.

Doubt cast on real US growth as budget talks stay deadlocked

BY STEWART FLEMING IN WASHINGTON AND JOHN WICKS IN ZURICH

THE REAGAN Administration will probably have to revise downwards its 1988 forecast for real economic growth, Mr Robert Ortner, Undersecretary of Commerce for Economic Affairs, said yesterday in Zurich.

Mr Ortner's comments added to the gloom surrounding prospects for international economic co-operation and continued world growth. Reduced growth would decrease tax revenues and increase unemployment, thus widening the US budget deficit. Meanwhile in Washington, Democrats were once again signalling that top-level negotiations on the deficit are stalled and that prospects for progress were slim.

On Capitol Hill, Senator Robert Dole, the Senate Minority Leader, made an effort to inject new urgency into the negotiations. Unless action was taken soon, he said in a statement on the Senate floor, there would be a feeling on Wall Street and in the world that Congress and the Administation were failing to come to grips with the problem.

Speaking at a Conference Board meeting, Mr Ortner said that the estimate of some 3.5 per cent for GNP growth next year was now viewed as "a bit rich" and would have to undergo a slight downward revision. He gave no specific reasons for the foreseen revision in the 1988 estimate, but indicated that it was considered necessary by Mr Beryl Sprinkel, head of President Reagan's Council of Economic Advisers.

With regard to the recent massive drop in the American stock market, he stressed that this was not justified by the economic environment. There were, he claimed, no major signs in US indicators of any crisis in the economy. He went on to say that the fall in stock prices should have no serious effect on the economy so long as the decline did not continue and monetary policy remained easy.

After big falls on Far East stock exchanges yesterday, prices also closed lower in London and on other European markets. In New York, the Dow Jones Industrial Average closed 18.24 points down at 1945.29.

Mr Ortner added that the projection of 3.7 per cent in real GNP growth for this current year was on target, and that inflation next year would be on target or even lower than forecast.

Though intended to calm financial markets, Mr Ortner's comments were made against a gloomy political background. Budget negotiators, who include Mr James Baker, the US Treasury Secretary, and Mr Howard Baker, the White House Chief of Staff, are now into their second week of talks aimed at cutting the budget deficit by $23bn with little sign of progress, and no evidence yet that they are nearing agreement. The White House had set November 20 as a target for completing the negotiations, the day when automatic spending cuts of $23bn would be triggered under the deficit reduction goals set by the revised Gramm-Rudman-Hollings budget process reform law.

Earlier on Tuesday the Democrats who chair the Congressional Budget Committees, Senator Lawton Chiles and Representative William Gray, had presented the budget negotiators with a plan aimed at cutting the deficit by $31bn in the current 1988 fiscal year and by $46bn in 1989. But the White House rejected the proposal, partly because it contained too a high a level of new taxes and revenues.

In a bid to try and increase the pressure on the White House, the Democratic leadership in the Senate is planning to move legislation to the floor which would raise $11.6bn of new revenues, almost matching the $12bn already approved by the House. It will be more difficult to pass a tax package in the Senate than the House, however.

Ruder says major US firms still strong

Mr David Ruder, the chairman of the US Securities and Exchange Commission (SEC) said yesterday that major US securities firms remained strong financially despite the recent sharemarket crash. However, he added that there was the need for the SEC to have an emergency plan in the event of another crash and that one was being formulated. Page 4

Lawson orders base rate cut to support equities

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN LONDON

MR NIGEL LAWSON, the British Chancellor, yesterday sought to avert a further collapse in share prices by ordering a ½ point cut in base rates to 9 per cent.

He also signalled that, in current circumstances, the Bank of England would ensure that there was ample liquidity in London's money markets to underpin the stability of the financial system.

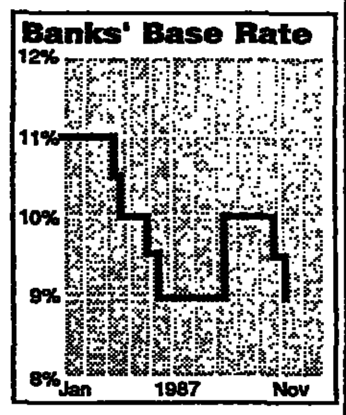
The cut in borrowing costs, led by Barclays Bank and quickly endorsed by the other major clearing banks, was triggered by a firm signal from the Bank of England in its afternoon money market operations. It came after share prices on the London stock exchange appeared to have resumed their downward spiral.

The Treasury said that the decision to lower rates for the second time in two weeks reflected both the continuing weakness of the stock market and sterling's strong gains against other major currencies.

The timing, however, appeared to have been dictated by the speed of yesterday's fall in equity prices, as earlier in the day the Chancellor had suggested that markets should not be over-impatient.

In his annual speech to bankers at the Mansion House in London last night, Mr Lawson put the move in the context of the need to avoid the major blow to industrial confidence which had turned the stock market crash of 1929 into the great depression of the 1930s.

He also held out the prospect of reductions in interest rates by other major industrial nations if the US took "credible action" to reduce its budget deficit. In those circumstances, February's Louvre accord to stabilise the dollar should also be reaffirmed with only "minor" adjustments to take account of the US currency's recent weakness.



The mistake of governments in 1929 had been their failure to provide adequate liquidity to the financial system, leading to a rash of bank failures, which had in turn led to a further tightening of monetary policy, he said. Those lessons had now been learnt.

The Chancellor added that he had modified the rules under which the Bank would offset the expansionary impact on liquidity in Britain of its recent heavy intervention in foreign exchange markets.

Over time the excess liquidity created by such intervention would continue to be "steril-

Continued on Page 18

Sharp London share price falls checked by interest rate signal

BY SIMON HOLBERTON IN LONDON AND JAMES BUCHAN IN NEW YORK

LONDON share prices fell steeply yesterday in highly volatile trading. The falls were checked by the Bank of England's decision early in the afternoon to signal its desire for a cut in base rates.

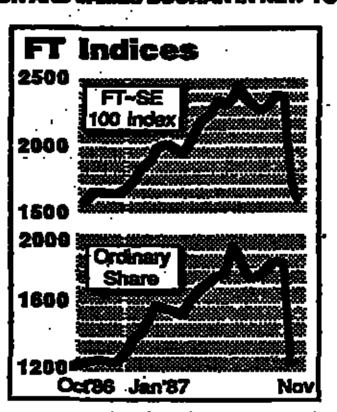
The declines in London followed sharp falls on Far East exchanges and continuing underlying weakness in the dollar.

The US currency traded around the lower levels established on Tuesday. The Bank of Japan and the West German Bundesbank both intervened during the day to prevent further falls.

The London market fell to below pre-Big Bang levels late in the morning and just before the Bank of England signal that it wanted lower bank base rates the FT-SE 100 index had weakend 85.5 points to 1,565.4.

It staged a fledgling rally shortly after base rates were cut and continued to improve on news of the mortgage interest rate cut. The index closed 45.8 down at 1,608.1, a 2.8 per cent fall on the day. The FT Ordinary share index finished 30.5 lower at 1,255.6.

London market economists attributed the steep fall to a lack of liquidity by institutions and retail buyers. London trading was primarily between market makers.



City institutions have largely withdrawn from the market and have been trying to accumulate cash. Their strategy has been upset by last week's sale of BP shares, and calls on cash reserves from rights issues associated with takeover activity in recent months.

Financial markets are awaiting the outcome of today's meeting of the Bundesbank's policy-making council in Frankfurt. While changes in its credit policy were not widely expected the decision of the Bank of England to cut base rates and Tuesday's cut in Dutch discount rate has prompted speculation that the Bundesbank might cut its 3 per cent discount rate to relieve pressure on the dollar.

In Tokyo earlier yesterday, share prices had weakened on concern about the dollar and the previous day's fall in prices on Wall Street. The Nikkei index fell 298.07 to close at 23,060.53.

Concern about the outlook for the dollar and Wall Street also affected markets in Europe. On the Frankfurt stock exchange, the Boersen-Zeitung index fell 7.2 points or 2.4 per cent to 296.61, taking the index to a year's low. The Commerzbank index lost 57.4 to 1,427.9.

On Wall Street the stock market remained twitchy and disturbed after Tuesday's fall which had come after a five-day rally in equities. After several unconvincing attempts to rise, the Dow Jones Industrial Average was trading at 1,941.64, down 21.89 points, at 1.30 p.m

Continued on Page 18

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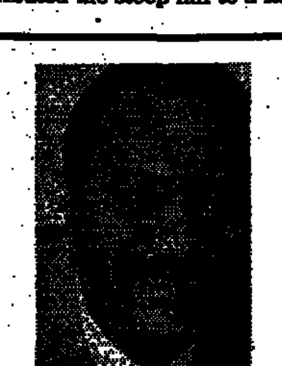

OUTSIDER BECOMES FAVOURITE FOR TOP FAO POST

Moise Mensah of Benin, who has won the West's backing in bid to change leaders, Page 2

EUROPEAN NEWS

Commission insists France justify aid for Renault

BY WILLIAM DAWKINS IN BRUSSELS

THE French Government has been given a month to justify to the European Commission its decision to write off FFr12bn (£1.18bn) of debts owed by Renault, the state-owned car group.

The Commission yesterday launched an inquiry into whether the write-off contravenes European Communityrules outlawing state subsidies. The Commission said "it considers a debt write-off of FFr12bn as a state aid which confers competitive advantage on Renault and which may distort intra-EC competition".

If the investigation confirms its suspicions, the Commission has the power to demand that the debt write-off is abolished, a weapon it has only recently used in the case of a FFr338m state subsidy to Boussac, the French textiles group.

The Commission has already taken legal action against three other allegedly illicit aid packages for Renault, totalling FFr9bn in grants and loans. Mr Peter Sutherland, the Commissioner responsible for competition, said yesterday that all the Renault aid measures would be examined as a package and that he hoped further meetings with the French Government would enable the Brussels authorities to take a "definitive decision in the near future".

Mr Alain Madelin, France's Industry Minister, has already had several meetings with Mr Sutherland in recent weeks. The French Government abandoned earlier plans to give Renault a FFr10bn capital injection, also as a result of pressure from the company's unsubsidised competitors.

The debt write-off is intended to pave the way for Renault to lose its status as a state-protected *regie* and become an ordinary limited company.

Doubt cast on Poland's economic reform plans

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S official reform programme is unlikely to rescue the country from its economic crisis within three years as promised by the Government, says Mr Aleksander Paszynski, head of the Economic Society, a pro-reform group.

He is quoted by the underground Solidarity weekly, Tygodnik Mazowsze, as saying that the authorities are not going far enough in easing central control over enterprises, restricting rationing of inputs and reorganising central government.

Mr Paszynski's Economic Society intends to act as an independent pressure group aiming to expand the private sector and have the state sector run on market principles. At the moment it is awaiting formal registration by the authorities.

He reveals in his interview that bureacratic opposition caused the authorities to drop a radical plan to reorganise central government speedily, and to choose instead the alternative unveiled last month which leaves the fuel and energy lobbies intact and stretches the reorganisation out over the next 12 months.

At one point, when the more radical plan was still being considered, Mr Paszynski himself was approached and asked if he would be willing to serve as Construction Minister.

Unemployment rises by 1% in EC

SCHOOL LEAVERS without a job pushed the European Community unemployment total to 15.9m in September, 1 per cent higher than in August, according to official figures, Reuter reports from Brussels.

Unemployment among people under 25 was 2.7 per cent higher in September than August - mainly because of sharp rises in France, Spain and Britain. Outside this category it was unchanged. However, youth unemployment was 5 per cent lower than in September 1986, while total unemployment was down 0.7 per cent.

Italy gives go-ahead to airliner

By John Wyles in Rome

ITALIAN AIRLINES were last night given the go-ahead to return the ATR 42 commuter aircraft to service by the country's Minister for Transport, Mr Calogero Mannino.

The airliner was grounded by government order shortly after a version owned by the Alitalia subsidiary, Ati, crashed just south of Lake Como on October 15

The Minister said yesterday that his decision was based solely on the judgment of the Italian aviation agency, the Registro Aeronautico Italiano (Rai), that the ATR 42's technical approval remained valid. The agency, however, has ordered that the aircraft's flight manual be amended to recommend higher flying speeds in icy weather.

The aircraft's manufacturers, Aeritalia and Aerospatiale of France, came to an early conclusion after the crash that the aircraft had stalled because the pilot was flying at too low a speed in icy conditions.

Mr Mannino's decision may not, in fact, lead to a swift return to service of the eight ATR 42's operating in Italy. First indications from the pilots' unions yesterday were that they would maintain their ban on the aircraft until the circumstances of the October 15 crash had been fully explained

Alitalia, which grounded its six aircraft before the minister issued his order, was still pondering last night on whether to put pressure on the pilots to change their views.

Last month's crash of a flight from Milan to Cologne was the first disaster to hit the 42-seater aircraft since deliveries to airlines began

Swedish request in arms scandal probe

SWEDEN is asking eight countries for permission to inspect their stocks of Swedish-made missiles to determine whether any were illegally re-exported to Iran, Reuter reports from Stockholm. Requests for on-site inspection of the Bofors Robot-70 missiles were being made to Singapore, Tunisia, Indonesia, Australia, Pakistan, Argentina, Norway and Ireland. The inspections would be part of an inquiry into an arms scandal involving Bofors.

Bundesbank acts to prop up dollar

BY ANDREW FISHER IN FRANKFURT

WEST GERMANY'S Bundesbank again tried to prop up the dollar yesterday as attention in foreign exchange markets focused on today's meeting of its policy-making council. Changes in credit policy are not widely expected, however.

The meeting will be attended by Mr Gerhard Stoltenberg, the Finance Minister, who yesterday hit back at the US for the attacks by Mr James Baker, US Treasury Secretary, on West German economic and monetary policies.

"The remarks of my American colleague were a mistake," Mr Stoltenberg said in an interview with Die Welt newspaper. "Others have also made mistakes. We are now working constructively together again."

Yesterday's intervention by the Bundesbank in support of the US currency totalled $100m. After falling to a post-war low on Tuesday, the dollar showed little change yesterday at just under DM 1.71.

Despite some speculation that the central bank might cut its 3 per cent discount rate, this was generally seen as unlikely both in and outside West Germany, though the possibility was not ruled out absolutely.

Monetary analysts and currency dealers noted that the Bundesbank had made clear it did not intend to be swayed from its stability-oriented monetary and interest rate policies. These have been criticised abroad, not just in the US, as too restrictive, though the Bundesbank has also had to take into account anti-inflationary sentiment at home.

Having dispensed with its usual securities repurchase agreements this week, the central bank is aiming to keep short-term rates stable, at least briefly, one analyst said. Thus a discount rate cut from the level set in January seemed unlikely. Call market rates yesterday were around 3.80 per cent, the rate at which the previous repurchase deals were done with commercial banks.

Mr Baker sharply criticised earlier rises in these rates to 3.85 per cent in mid-October. Last week, the Bundesbank injected liquidity into the money market to keep rates down. It also took in more than DM8bn through intervention to support the US and other currencies.

Shipyards consider links with Setenave

BY DIANA SMITH IN LISBON

INTERNATIONAL shipyards have responded with interest to an invitation by Portugal to bid for a management contract, concession or joint venture in the country's Setenave yard.

The invitation went initially to yards in Denmark (Odense and Burmeister), West Germany (Salzgitter, Thyssen and Buschmeier), South Korea (Hyundai) and Japan (Kawasaki, Mitsubishi, Mitsui and Hitachi). But it is open to any shipyard interested in bringing new technology and management to Setenave's strategic location on main shipping routes.

The yard was built in the early 1970s and scaled to what was then a growth industry: giant supertankers and bulk carriers. Damaged by oil crises and the labour disruption that followed its nationalisation in 1975, Setenave has done more repairing than building since then.

Since 1984 the resumption in world shipping has fully absorbed Setenave's repair capacity (55 per cent of its total). It has repaired more than 100 vessels a year.

The construction side has been less rosy, though it has completed three supertankers ordered before 1975 and built three large bulk carriers and two tanker hulls. It has also built barges for Scandinavian countries: five push barges and seven ordinary ones, and two floating docks.

But Setenave's largely young labour force, which has shrunk through voluntary redundancies from 6,800 in 1982 to just under 4,800, is under-employed and the yard has suffered severe losses since the mid-1970s. The losses and debt would be shouldered by the Portuguese Government and not transferred to a future associate

The idea of a foreign partner was first tested in 1982 when Setenave was at a particularly low ebb. It did not go through: at the time it was impossible to meet conditions like massive staff reductions, which potential foreign partners considered essential.

Having cut its labour force drastically, Setenave now feels in a better position to offer participation in a good shipyard in need of a new lease on life.

Gorbachev's tune is music to his allies

BY OUR FOREIGN STAFF

MOSCOW'S allies yesterday welcomed Mr Mikhail Gorbachev's speech to mark the 70th anniversary of the October revolution but played down his criticism of Josef Stalin and mostly ignored Soviet resistance to his reforms.

Only the Bulgarian Communist party daily Rabotnichesko Delo mentioned the "resistance of the conservative forces against reconstruction" but failed to identify the alleged opposition. On the contrary, it credited the Soviet party with pushing through Mr Gorbachev's plans to inject more flexibility into the rigid Soviet enomomic and political structures.

"This speech is a real manifest of the new cause of innovation...a model of....communist sincerity and openness...," the Bulgarian party organ said, according to excerpts carried by the state-run BTA news agency.

It said the fact that "reconstruction is in safe hands and that the Communist party of the Soviet Union will boldly and resolutely lead the revolutionary innovation...inspires (people) with firm confidence."

In his speech on Monday, Mr Gorbachev accused his opponents of being either too timid or too impatient about the pace of reform in the drive to modernize the Soviet Union.

The Bulgarian army newspaper Narodna Armia, as quoted by BTA, did make a brief reference to his comments on Stalin, saying Mr Gorbachev made an objective assessment "of the positive and negative aspects in the work of Stalin."

The greatest enthusiasm came from official Communist party newspapers in Hungary, Poland and Czechoslovakia. They praised Mr Gorbachev for frankness and realism

'Gorbachev's analysis of the past and present is a consistent entity and provides an image of the future,' Hungary's party daily Nepszabadsag said. 'It is important for the present and the future to create a realistic picture of the past since the current reforms are advancing the cause of the October revolution.'

Mr Gorbachev broke fresh ground in his Kremlin address by admitting that Stalin had made unforgiveable political errors. Nepszabadsag said the speech reflected a new way of thinking already manifest in Soviet foreign policy.

In Prague, the party daily Rude Pravo said celebrations of the 1917 revolution did not always see such a frank and analytical look at the past, present and future.

'Frank words about tragic events and defeats did not in the least weaken the grandness of the work and the solemn atmosphere of the anniversary,' the paper said in an editorial.

'Truthful knowledge of the past and its analysis are rightly used to help solve the present problems, the topical tasks of restructuring in particular.'

Mr Janos Kadar, the Hungarian leader, said Hungarians were following *perestroika* (restructuring) in the Soviet Union 'closely and with deep sympathy'. Hungary, too, was trying to achieve a more efficient economy while keeping 'humanist principles' in the forefront of its endeavours.

By contrast, Mr Erich Honecker, the East German leader, mentioned neither *perestroika* nor *glasnost* (openness). Instead, he blandly assured the Soviet party of East Germany's 'admiration and full support' for its efforts to improve the economy and 'renew social life' in the Soviet Union.

The East German party was convinced that the 'diversity' which was developing in the Communist world would bring about the growing unity of its members. Mr Gorbachev in his speech had said it was 'good and useful' that the Communist world showed such 'national and social diversity,' he said.

Spain ready to enforce bases cutoff

By David White in Madrid

SPAIN IS preparing to enforce a six-month deadline for an agreement on the future of US air bases, with little optimism on either side for a breakthrough in negotiations being held in Madrid today and tomorrow.

The round of talks between senior officials will be the seventh following the referendum in March last year which confirmed Spain's membership of Nato but committed the Government to seeking cuts in US forces.

The negotiations remain stalled over Madrid's insistance that the US remove from Spanish territory the 72 F-16 aircraft based at Torrejon outside Madrid, as well as tanker aircraft operating from the fighter-training base of Saragossa.

In the absence of a breakthrough, Spain will give notice at the end of next week that the two countries' defence agreement will not be automatically renewed next May. If no solution is reached by then, the US will have a year to withdraw its forces and material from Spain.

However, both governments are anxious to undramatise the present impasse.

The agreement, dating back to 1953 and last renewed in 1983, covers joint use of the two air bases, a standby air base at *Moron de la Frontera* in the south, and the Rota naval base which supports the US 6th Fleet in the Mediterranean, with a total of up to 12,500 military personnel. The agreement would normally have been extended automatically for a further year.

Positions on the F-16s, which are capable of carrying nuclear weapons, have become more entrenched on both sides, with the Spanish Government facing increasing public pressure to stick to its demand. The approach of the renewal deadline has coincided with a revival of anti-American and pacifist demonstrations which reached a peak in the 1986 referendum campaign.

Madrid has rejected a US proposal to move the fighters from Torrejon to Moron and has indicated it will not accept a simple reduction in the number of squadrons.

Mr Narcis Serra, Spain's Defence Minister, was quoted during Nato's Nuclear Planning Group meeting in Monterey, California, yesterday as saying that the most recent US proposals were "unfortunately insufficient."

The US has insisted, with support from some allies, that the aircraft are essential for covering Nato's southern flank. US sources say the air wing's conventional and nuclear roles will become more important in the light of the planned US-Soviet treaty eliminating intermediate-range nuclear missiles. Spain, which is seeking to limit its role in the alliance to its own geographical region, is not placed to assume either of these missions.

Dutch discount rate

THE NETHERLANDS cut its discount rate late on Tuesday by one quarter of one per cent to 4.25 per cent. Because of an error in transmission, the report on this page yesterday carried the incorrect figure of 5.25.

John Wyles in Rome looks at the chances of another head of a UN agency being replaced in the wake of changes at Unesco

Long-shot Mensah confident of landing top job at the FAO

BY LUNCHTIME on Monday a burly 53-year-old agronomist from Benin in west Africa will know whether a long-shot challenge which started more than a year ago has finally carried him to the top of the UN's Food and Agriculture Organisation.

If he captures a majority of votes of the 158 member countries - and he and his backers are confident that he will - then a second highly controversial director general of a UN agency will have been unseated in the space of three weeks.

Mr Moise Mensah knows that his chances of denying the 60-year-old Lebanese Mr Edouard Saouma a third six-year term at the FAO, have been greatly strengthened by the ejection of the Senegalese Mr Amadou M'Bow from the top job at Unesco last month.

There are unwritten international rules governing the division of spoils and, as a rather pointed document recently put out by the FAO indicates, Africans already head seven of the UN's 29 organisations. But after the defeat of Mr M'Bow, a victory for Mensah at next week's FAO conference in Rome would not add to that number.

But it would be a triumph shared with a number of the FAO's key Western donor countries - including the UK, the US and Canada - who have covertly lobbied, cajoled and argued against the incumbent Mr Saouma for most of the year.

They have maintained, with considerable support among the FAO's 7,000 staff, that the Rome-based agency has lost its way under Mr Saouma. Priorities are said to be lacking, financial management poor and staff morale at rock bottom.

Much of the problem, it is alleged, derives from the director general's autocratic style, which has aimed at maximising his personal power and authority at the expense of administrative efficiency and transparency.

As the Organisation of African Unity's official candidate, Mr Mensah can count on the 42 votes of the African block and on a good slice of the OECD countries. His supporters reckon that he has 87 votes behind him, but they also admit there are at least 55 countries who take a sufficiently different view of the Saouma tenure to want the Lebanese returned.

The incumbent's campaign literature - distributed as an official conference document - claims that in the last 10 years he has "given particular personal attention" to the adoption of broad development strategies for the rural poor, fisheries, tropical forestry and world food security.

It goes on to assert that the FAO's operational activities, such as technical co-operation programmes with developing countries, have been strengthened, its capacity to deal with emergencies, such as drought and grasshopper infestations, sharply honed, its global and regional studies greatly improved and the costs of its management and administration reduced from 24 per cent of the 1974-75 budget to 16 per cent of 1986-87 expenditure.

Mr Mensah has presented his candidacy as one dedicated to healing and cleansing. In a recent interview, he stressed the need for the director general "to bring people together" after a period of unnecessary confrontation.

Mensah: backed by Africa and Western donor countries

A fluent speaker of French, English and Spanish, his criticisms of Mr Saouma's FAO carry the authority of an educated international civil servant with a strong background in agricultural development. He has spent most of the 10 years since he was the FAO's African regional representative in Ghana as assistant president for project management at the International Fund for Agricultural Development.

He claims that the FAO has become steadily isolated within the UN system and has lost respect and capacity as a result. Whereas FAO led the relief effort in the Sahel drought of 1973-74, he is bitter about the agency having lost the task to the United Nations Development Programme in the most recent African food crisis.

He says the organisation's priorities have to be based on finding the highest common denominator to satisfy the food development needs of the largest possible number of countries. "In Africa this means concentrating on food security, in Asia on the landless poor, while in the Caribbean there has to be diversification to tackle the problem of dwindling foreign exchange earnings and increasing food import bills."

Mr Mensah admits that African countries in particular have made grave mistakes in their food production policies, but claims "they have recognised now that agriculture has been neglected and policies are being adjusted."

For its part, the FAO should be establishing "more relevant" policies for Africa with special emphasis on training, water control and improving the small, farm system.

He fully shares the view that many FAO policies are not being properly monitored and evaluated. "Some people call that transparency," he says. "The point is that you learn lessons from your mistakes as well as your achievements."

His administrative emphasis, he promises, will be on team work, delegation and trying to associate all FAO staff much more closely with its activities.

Referring to Mr Saouma's alleged "open cheque book" approach, Mr Mensah believes that "you need mechanisms which protect the director general from these kind of statements. If you are too centralised, you create confusion."

Far from being embarrassed by being seen as the donor countries' candidate, he says he is proud of it. "The major donors decided to support me only eight months after the OAU first proposed me in July 1986. This means that they had taken a close look and found that Africa had a credible candidate. I am a candidate of Africa supported by donors, I am a candidate for the Third World."

Swiss banker warns of 'difficult times'

BANKS, particularly those active in the London-based Euromarkets, face difficult months ahead, the head of Switzerland's largest bank said yesterday, Reuter reports from Zurich.

Mr Nikolaus Senn, chief executive of Union Bank of Switzerland, said: "Several banks will get bloody noses and we can expect the first casualties by the end of the year."

Mr Senn blamed slow economic growth and the reluctance of potential customer firms to invest. The combined effect would be to limit the demand for bank credits in the near future.

Business known as "off-balance-sheet" – mostly issuing and trading of stocks and bonds – would also be hit by the poor state of world share markets and by increased competition between banks, Mr Senn added. Several have recently announced they are pulling out of certain sectors of the Euromarket.

As for UBS, although this year's profits were likely to be in line with last year's SFr776m ($550m), next year's prospects were more uncertain, Mr Senn said.

UBS officials declined to say how much the bank had lost in the continuing worldwide share price collapse, triggered by a 508-point fall on Wall Street on "Black Monday," October 19.

"Of course we suffered paper losses (on share holdings), like every other institution that is active worldwide," Mr Robert Studer, head of the bank's bourse department, said.

But the losses had been partially offset by gains on bonds and by a sharp increase in commission income as people rushed to sell. "All in all, we got off with a slightly blackened eye," Mr Studer said.

UBS owns British broker Philips and Drew and came close to buying British merchant bank Hill Samuel in August this year. Mr Senn said the decision not to go ahead with the purchase reflected the bank's cautious approach.

UBS was the first of Switzerland's three big banks to hold its traditional autumn news conference. The heads of Credit Suisse and Swiss Bank are due to talk to the press in the next few weeks.

Austria to win say in N-plant

WEST GERMANY and Austria are planning an agreement on nuclear energy which will give Austria a say in a disputed reprocessing plant being built in Bavaria, Austrian Chancellor Franz Vranitzky said yesterday, Reuter reports from Bonn.

A treaty for the neighbouring countries to exchange nuclear energy information probably would be completed within six months, he told reporters after meeting West German Chancellor Helmut Kohl at the start of a three-day official visit to West Germany.

The accord, focusing mainly on the nuclear waste-reprocessing plant under construction near the Bavarian village of Wackersdorf, "would give us a right to a hearing" on disputed issues, Mr Vranitzky said.

The Vienna Government has voiced concern about the planned plant's environmental standards and its proximity to Austria. In addition, many Austrians have crossed the border into Bavaria to take part in the numerous anti-nuclear demonstrations at the Wackersdorf site in the past two years.

Austria has no nuclear power plants in operation, in contrast to most other West European nations. West Germany draws a third of it energy from nuclear sources.

New consortium in car telephone race

BY TERRY DODSWORTH IN LONDON

A THIRD consortium of European electronics companies plans to enter the race to develop a new pan-European digital mobile car telephone system.

According to reports from West Germany, a group bringing together Robert Bosch's Telenorma subsidiary with a German branch of Philips of the Netherlands and the ANT electronics concern, is discussing a co-operation agreement.

The collaboration aims to help the partners tender the first contracts for the planned new system by a target date of early 1988.

The announcement follows the recent formation of two similar transnational consortia by other European companies.

One of these brings together Ericsson, the Swedish telecommunications group, with Orbitel, a UK joint venture between Racal and Plessey.

The other, announced only 10 days ago, combines Alcatel of France with Nokia, the Finnish company, and AEG of West Germany.

The pan-European mobile telephone system is aimed at creating a new digital network which will allow the same car telephones to be used anywhere in Western Europe.

At present, European systems are incompatible, so that drivers cannot use car telephones installed in one country when they cross into another.

The launch of the digital system will allow increased capacity and improved quality for car telephones. But it will also involve heavy expenditure on the development of the technology.

European companies have been forging links with each other to share development and costs.

The consortia will also gain more political acceptance by spreading participation around Europe.

The new West German consortium indicated yesterday that it may be looking for more partners. Only a few European telex communications companies now remain uncommitted to development work on the digital mobile systems, and of these, it is widely expected that Siemens of West Germany and the General Electric Company of the UK will join up with the Ericsson/Orbitel group.

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Malaysia haunted by the spectre of racial division

Roger Matthews looks at Dr Mahathir's attempts to contain communal tensions

WHEN Dr Mahathir Mohamad returned to Malaysia from the Commonwealth Conference in Vancouver it was to be met by Haniff Omar, the Inspector General of Police, with a warning that racial tension had climbed to dangerous levels. If prompt action was not taken it could degenerate into the kind of rioting and bloodshed which shook the nation in May 1969, the Prime Minister was told.

Last week Dr Mahathir announced in parliament the banning of all public rallies in the wake of over 70 arrests and the suspension of three newspapers under the terms of the Internal Security Act which provides for indefinite detention without trial.

"The country cannot afford to have a racial riot. We are facing a recession. Many of our workforce are unemployed. Should the economic situation be aggravated by political instability and racial riots, the country will be in turmoil. Citizens will live in fear and suffer,' he warned.

A no less real fear among some politicians is that Dr Mahathir may be manipulating the very circumstances he helped to create in order to silence his critics and halt the challenges to his authority. If they are correct, the next step would be the imposition of a state of emergency and the suspension of the constitution. Tunku Abdul Rahman, the country's venerated elder statesman and its first Prime Minister, has warned that the Government's actions have already put Malaysia on the road to dictatorship.

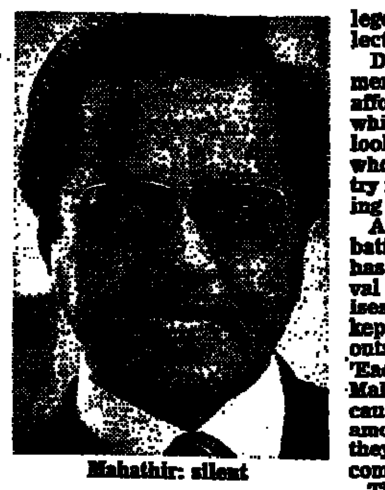
Since his statement to parliament Dr Mahathir has remained silent, giving no indication of how he might lead the way back to the racial and religious tolerance which generally served Malaysia so well in the first 30 years of independence from Britain.

The 16m Malaysians divide into Malays (or Bumiputras), who make up just over 50 per cent of the population, Chinese, who account for about one-third, with Indians and others making up the rest. The Malays have been politically dominant since independence and the 1969 riots occurred because they feared an erosion of that position.

They are still much more numerous in the rural areas than in the cities, where the Chinese predominate. The Chinese are generally more affluent, control much of business and are better represented in the professions. Since 1969 the New Economic Policy has aimed through positive discrimination at giving the Malays a greater stake in the economy so that employment is less identified with race.

Welding such diversity into a single nation was bound to be a delicate balancing act between the political, economic, religious and cultural sensitivities of each community. The responsibility has fallen principally on the United Malays National Organisation, the country's main political party, which has provided each of the four prime ministers since independence. It represents Malay aspirations, yet its leaders have also at the national level to accept responsibility for the well-being of the other communities.

For much of the last 30 years it was accepted that a prerequisite for discharging that function effectively was a strong and united party. Changes in the leadership of UMNO, rather like those in the old-style Conservative Party in Britain, were something that emerged through consensus and behind closed doors.



Mahathir: silent

However, in April there was for the first time a full-blooded and bitter contest for the leadership, with Dr Mahathir scraping home by the narrowest of margins. The party has been split over Dr Mahathir's performance as Prime Minister and, despite much talk of reconciliation, nothing concrete has so far been achieved.

Dr Mahathir's purge of some of his opponents added to the bitterness, while his own authority has come under further challenge in the courts, where a group of UMNO members is seeking to have the election declared invalid because of alleged irregularities in the selection of delegates.

Dr Mahathir warned this summer that the country could not afford to have a government which was continually forced to look over its shoulder to see who was supporting it. 'A country needs a firm hand if it is going to develop,' he said.

Another consequence of the battle for support within UMNO has been the temptation for rival politicians to make promises, some of which can only be kept at the expense of people outside the Malay community. 'Each is seeking to appear more Malay than the other and this causes obvious apprehension among the Chinese who think they will be the ones to pay,' commented one diplomat.

This rivalry was also a contributory element in the decision to stage a mass rally in Kuala Lumpur last weekend to mark the otherwise unremarkable 41st birthday of UMNO. Estimates of how many might attend soared from 50,000 to 500,000 and with them fears that political violence could result.

A further inflammatory twist was added by a dispute over the appointment of non-mandarin speakers as administrators in Chinese schools. Many Malays - and indeed some Chinese - felt that the two main Chinese political parties had been too vociferous in their protests and were, like the two UMNO wings, seeking to outbid each other in the eyes of their own community.

At the last general election the opposition Direct Action Party for the first time won more parliamentary seats than the Malaysian Chinese Association, which sits with UMNO in the ruling National Front Coalition.

The sight of the MCA and the DAP together on the same platform on the schools issue suggested to some Malays that the Chinese were co-operating on a purely racial issue and ignoring the political reality that one party was in government, the other in opposition.

The Government's use of the Internal Security Act has taken some of the heat out of these controversies, but has done nothing to eliminate them or the more fundamental question of Dr Mahathir's authority in the country.

If that is to be re-established through the democratic process, then the UMNO divide has to be bridged. But if UMNO remains stubbornly split the ingredients which led to last week's tension seem bound to re-emerge. DrMahathir will then be faced with the most basic question of all: whether to step down, or to seek additional powers.

Hong Kong set against early direct polls

BY DAVID DODWELL IN HONG KONG

MOST HONG KONG people want direct elections to be introduced - but not in 1988 - according to the findings, published yesterday, of the office set up six months ago to survey public responses to a Green Paper on the development of representative government in the territory.

The findings, which drew immediate criticism in Hong Kong from political figures committed to rapid democratisation, are likely to defuse fears of a confrontation between Britain and Beijing over the pace and direction of political reform. Chinese officials in the territory have steadfastly opposed direct elections next year.

In an 80-page report as turgid and convoluted as the Green Paper itself, which was published in May, 58 per cent of submissions from groups and associations, and 67 per cent of submissions from individuals, favoured introduction of direct elections but not in 1988.

In contrast, 38 per cent of groups wanted direct elections next year, with 29 per cent of individuals making submissions to the Survey Office.

The findings are based on letters received, and two government-sponsored public opinion surveys, as well as the findings of informal surveys by non-government bodies, and signature campaigns mounted over a four-month period during which public debate on the Green Paper was encouraged.

A total of 135,000 submissions were received, excluding some 1,900 dubious or forged letters that are currently the subject of police investigation.

Within hours of the release of the Survey Office report, four legislative councillors who have campaigned over the past six months for direct elections next year protested that the exercise had been a waste of time. They called for people to ignore the results, and claimed the report put in jeopardy public confidence in the Government's willingness to oversee adequate reform.

Apart from the issue of direct elections, a clear majority of respondents opposed lowering the voting age from 21 to 18. A majority also said the governor should remain the head of the legislative council, the territory's main law-making body.

Australian dollar slide provokes party clash

BY CHRIS SHERWELL IN SYDNEY

THE RECENT slide in the Australian dollar's exchange rate has provoked a heated row between the Labor Government and opposition parties over economic policy in the wake of the stock market crash.

The dollar staged a minor rally in Australian trading yesterday following soothing comments by Mr Paul Keating, the federal Treasurer. But underlying sentiment in the past few days has been bearish.

The Liberal and National opposition parties, pointing to Australia's large external debt and high current account deficit, have urged the Government to take early action to counter the impact of the crash through fresh fiscal action and limits on wage increases.

The currency yesterday finished at 67.9 US cents in Sydney, up from 67.2 cents on Tuesday. On a trade weighted basis it finished at 51.4, against 51.0 the previous day (May 1970 = 100).

Only one week ago, however, the Australian dollar stood at 70.0 cents and 53.7 on a trade weighted basis. A week before that it was at 71.4 cents and 55.2.

The trend is a clear reflection of market judgments that the commodity-dependent Australian economy is highly vulnerable to a world recession which the crash might entail.

According to a leaked Reserve Bank document, foreign exchange turnover averaged A$26bn a day last week against usual levels of A$20bn, and last Thursday reached a record A$37bn.

Mr Andrew Peacock, the Liberals' shadow economic spokesman, said the Government had claimed credit for the stock market's rise only to duck when the market dived and claim the world was responsible.

Mr John Elliott, chief executive of Elders IXL and newly appointed as Liberal Party president, meanwhile warned that the world was headed for recession, and urged the Government to argue against further wage increases which might hurt Australia's competitiveness.

South Asian summit ponders economic links

By John Elliott in Katmandu

THE two-year South Asian Association for Regional Co-operation has decided to start edging its way towards the introduction of economic and industrial ties between its seven member countries.

This was decided at its third annual summit which ended in Katmandu yesterday. An anti-terrorism convention was also signed.

SAARC established two economic studies. One is to assess existing trade flows between the countries to see if there is already sufficient business to form a basis for developing trade co-operation. A second will examine the potential for joint industrial ventures.

● Mr Rajiv Gandhi, the Indian Prime Minister, said last night Pakistan troops would get a "bloody nose" if they attacked Indian positions on the northern Siachen glacier, where more than 150 Pakistan troops are alleged by India to have been killed in a battle at the end of September. He was speaking after a meeting with Mr Mohammed Khan Junejo, the Pakistan Prime Minister. They agreed to start next month a series of bilateral talks.

US embarrassed by Gulf death

BY OUR MIDDLE EAST STAFF

THE US was slow yesterday to give an explanation for the incident in which an Indian fisherman was killed on Sunday night by machine-gun fire from an unidentified warship near the island of Abu Musa in the Gulf.

On Monday the Pentagon had announced that the frigate USS Carr had fired warning shots at one of three suspected Iranian vessels and then directly aimed at one which had failed to withdraw at about the same time as the attack on three Indian-manned fishing boats.

Police of Sharjah, one of the seven members of the United Arab Emirates, have started an investigation into what could prove an embarrassment for the US in the pursit of its military effort to protect freedom of navigation from Iranian attacks and interference.

The Pentagon said yesterday that there was no evidence to support the Iranian claim that the naval vessel had confronted three unarmed fishing boats owned by a UAE national. Other officials in Washington conceded, however, that a mistake might have occurred.

In Iran a week of "mobilisation" was declared on the anniversary of the seizure in 1979 of the US embassy there together with 52 diplomatic hostages. Crowds cried "death to America" and "the Persian Gulf: Reagan's burial ground".

Israel fears US arms cut

BY ANDREW WHITLEY IN JERUSALEM

THE far-ranging implications for Israel of possible cuts in US military grant aid, currently running at $1.8bn a year, were the focus of discussions in Tel Aviv yesterday between the Defence Ministry and Mr Richard Armitage, the visiting US Assistant Defence Secretary.

Mr Armitage arrived in Israel on Tuesday night.

Israeli officials protest that only three months ago they received copper-bottomed guarantees from the Reagan Administration that military aid would be maintained at its current level for two fiscal years.

Visibly discomfited by accusations of bad faith from their closest Middle East ally, US diplomats argue that this commitment was only binding on the Administration - not on Congress. The Gramm-Rudman Act requires the Administration to make across-the-board cuts in government spending and aid for Israel is unlikely to be excepted.

Czeslaw Jesman: African affairs writer

OBITUARY

CZESLAW JESMAN - journalist, author, soldier, emigre Pole - has died in Hove, Sussex, after a long illness at the age of 75. For many years he combined a career at the British Defence Ministry with freelance writing, notably for the Financial Times and the BBC External Services. His particular expertise lay in African affairs.

Born in Byelorussia in 1912 Mr Jesman joined the Polish Foreign Ministry in the mid-1930s, served with the Polish forces abroad, and was transferred to the British Army in 1943.

He served in many parts of the world, including post-war Berlin, and thereafter combined military and academic careers. He developed his interest in African affairs - and a love of Africa - during a period at Addis Ababa university in the 1950s; he was the author of several books of Ethiopian history.

But he was always principally concerned with the analysis of contemporary international affairs and the emphasis of his later years was on his journalism for a wide range of newspapers and magazines.

Robert Graham on the faltering progress of attempts to end conflict in Central America

Arias fights to maintain peace momentum

FROM today a ceasefire agreed under the Arias Plan should be in place in all those Central American countries where there is conflict - principally in El Salvador and Nicaragua.

Simultaneously, political amnesties should have been granted, a process of national reconciliation initiated and external aid halted to all irregular groups, notably the anti-Sandinista Contra rebels. But the deadlines have been allowed to slip and fighting continues.

So far the Marxist-orientated Sandinista Government in Managua has refused to negotiate with the US-backed Contras and has declared only a partial ceasefire; the Reagan Administration has refused to forego its support for the Contras; and talks between the El Salvador Government and the left-wing guerrilla umbrella organisation FDR/FMLN, have failed to make any progress, the latter formally breaking off talks after the assassination last week of a human rights activist.

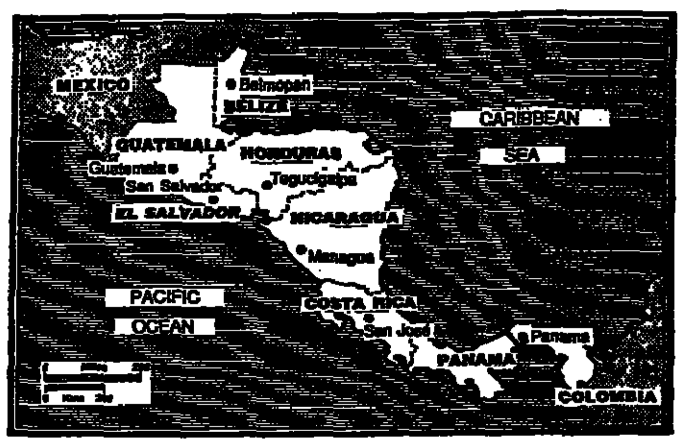
The plan's timetable, approved by the five Central American leaders in Guatemala on August 7, was deliberately fixed to a tight schedule to create a momentum. Although President Oscar Arias would have liked to have seen compliance, for at least two weeks now he has regarded it more important to sustain the momentum; and this he seems to have achieved.

The lukewarm attitude of the Reagan Administration to the plan, so marked earlier in the year, has become more positive. Mr Elliott Abrams, the hawkish US Under-Secretary of State and chief architect of the Administration's confrontational strategy of dealing with the Sandinistas, was last week denying opposition to the plan. "We like the plan. It goes to the heart of the problem: democratisation. It wants to turn guerrillas into voters."

He also confirmed that the Reagan Administration would be discussing formulas with Congress to delay requesting the proposal for fresh Contra funding. Originally this request, for $270m to cover the next 18 months, was to have been submitted this week, timed to coincide with the conclusion of the Guatemalan summit timetable. However, the Administration has recognised that such a request risked serious opposition in Congress and furthermore threatened to undermine the prospects of the Arias Plan.

Accordingly, US officials are letting it be known the plan is being given until January to test its workability. This timetable coincides with a planned summit of Central American leaders who are due to meet in the first week of January to review progress.

In these circumstances it is hard to see any of the principal actors publicly trying to sabotage the plan before then. Precisely because of this informal roll-back in the timetable, the Sandinista Government finds itself in a dilemma over the timing of concessions. The Sandinistas made the initial running - for instance, they reopened La Prensa, the opposition newspaper shut down because of its espousal of the Contra cause and which became for the US one of the chief symbols of totalitarianism.



However, the Sandinistas have consistently refused to talk directly with the Contras over a ceasefire. They maintain the Contras are manipulated by the US and that the dialogue should be with "the master not the dog." If such a dialogue is established now - and there have been secret feelers - the Sandinistas will have no cards left to play at a later date.

The Arias Plan studiously avoids specific mention of the Contras, thus providing a vague formula for indirect contacts, or allowing the Sandinistas to maintain that their obligation towards the Contras only covers discussion of a ceasefire - not political concessions.

The Contras for their part are acutely conscious of their heavy dependence upon the US and of their poor image. Their leadership has undergone a series of major changes in the past three years and the new directorate still has failed to nominate its full seven-man complement. Ironically the Contras have begun to do better on the battlefield at a time when their future ability to wage the war is in doubt. The Irangate scandal has damaged the prospects for Congress approving freshfunds.

Mr Adolfo Calero, the leader of the main Contra force, the FDN, said in London last week he did not envisage a prolonged low intensity conflict. But without US funds, the Contras are naked. Thus it is in the Contras' interests to make as much noise as possible yet keep negotiating options open.

The large amount of US political prestige staked on the outcome of events in Nicaragua does not extend to El Salvador. Indeed the US, through its ally President Jose Napoleon Duarte, has demonstrated that the eight-year-old civil war is containable though extremely costly

The US is much vaguer over what it is willing to settle for in El Salvador than in Nicaragua. In the case of Nicaragua, the US wants to be publicly assured the country is not used as a base for Communist subversion of the region. The Arias Plan offers to do this through a process of democratisation.

The weak point here is interpreting this democratisation, or turning "guerrillas into voters". For Washington in conciliatory mood this means at a minimum the emasculation of the Sandinistas. The Sandinistas meanwhile are still awaiting proof that Washington is prepared to adopt a more hands off approach, not just to Nicaragua but the region as a whole. If Washington complies with the letter of the plan it would mean a substantial reduction in its direct military presence. There has been no hint of this.

Black US mayor survives in city election

By Stewart Fleming in Washington

WILSON Goode, the black mayor of Philadelphia, has been narrowly re-elected after a vicious campaign.

His opponent, Mr Frank Rizzo, a former Philadelphia police commissioner and mayor of the City of Brotherly Love between 1972 and 1980, is still trying to live down a reputation as a brutal law enforcement official who once boasted his police department was tough enough to invade Cuba.

Mayor Goode's failure to take control of efforts to evict a black radical group from a house in the city in 1985 resulted in the deaths of 11 people when police bombed the building.

Mr Rizzo, 67, a white man who drew his support from the blue collar working class districts of the city, was still refusing to concede defeat yesterday in what is seen as his last bid for elected office. "I am sure there was fraud," he told supporters.

The bitter campaign has raised concerns that it will perpetuate Philadelphia's image as a city unable to resolve racial divisions which other cities have been able to moderate.

Elsewhere Democrats retained control in elections for governors in Kentucky and in Mississippi. Run-offs will be held in mayoral elections in Miami and San Francisco.

SEC chief says securities firms remain strong

BY OUR FOREIGN STAFF

MR DAVID RUDER, chairman of the US Securities and Exchange Commission (SEC), said yesterday that major securities firms remained in a strong position and had no capital problems as a result of the stock market crash.

The recently-appointed former academic, giving his first Congressional testimony on the crash to the Senate Banking Committee, said the securities industry and its systems had handled the crisis well.

However, he said it was clear that the SEC should have had an emergency plan in the event of a crash and that it was now working on one.

Though he said the plan should be concerned, among other things, with the relationship between the futures markets and the underlying stock market, he also said it was premature to place blame for the crash on the futures markets.

The SEC has already launched a wide-ranging review of financial markets, which will examine the capital of securities houses, the structure of the markets, the role of futures trading, foreign securities markets and clearing and settlement systems, SEC officials said.

Its staff is also working with the Commodity Futures Trading Commission, which regulates futures markets, to analyse the role of futures in financial market volatility, as well as computer trading arbitrage techniques and portfolio insurance.

Mr Ruder cautioned, however, that "definitive conclusions adverse to index arbitrage and portfolio insurance activity should not be drawn from preliminary data."

Meanwhile, the Commission will consider pushing for higher levels of margin payments – put up as security against potential losses – for stock index options and futures, to bring them into line with requirements on the stock market, he said. It is also examining the adequacy of limits placed by exchanges on the positions that trading firms may build up.

Asked whether securities firms might have put their own interests ahead of their customers' during the market's turbulence – selling for their own accounts before executing customers' orders, a practice known as "front-running" – Mr Ruder said the SEC would interview brokerage firms "to see what they were doing."

Uruguay to reschedule $1.8bn debt

By Alexander Nicoll, Euromarkets Editor

URUGUAY yesterday clinched a $1.8bn debt rescheduling agreement with leading creditor banks, giving it easier terms than under a similar deal signed last year.

The accord, reached by Mr Ricardo Zerbino, the Finance Minister, and Mr Ricardo Pascale, the central bank president, will replace last year's rescheduling of $1.7bn of loans originally falling due between 1985 and 1989, and will also cover nearly $100m of debt falling due in 1990 and 1991.

The advisory committee of banks, led by Citibank, will put the new terms to around 190 other creditor banks for their approval.

Uruguay is to pay an interest rate margin of ⅞ percentage points above London interbank offered rates. The loans will be stretched out over 17 years including a grace period of three years, although the country will make a repayment of $24m - the amount that it had previously agreed to repay during 1988.

The 1986 agreement had a complicated interest rate structure which essentially involved the country paying 1⅞ percentage points over Libor on debt contracted before 1983, and 1⅞ above Libor on later loans. It was a 10-year rescheduling.

Uruguay will continue to have its economy monitored by the International Monetary Fund under the "enhanced monitoring" arrangements employed by several countries with multi-year debt reschedulings.

Tim Coone adds: President Julio Sanguinetti of Uruguay has instructed the army to maintain public order after police began a nationwide pay strike.

Argentina gripped by strike

By Tim Coone in Buenos Aires

BANKS and offices in Argentina shut at midday yesterday, factory workers downed tools and public transport came to a halt as a nationwide general strike in protest at the government's economic policy paralysed the country.

Mr Saul Ubaldini, secretary-general of the General Confederation of Workers, which organised the strike, said it was in protest at the "policy of submission to the International Monetary Fund, against the increases in tariffs, the cost of living, unemployment, hunger and the adjustment plan which condemns workers to misery and paralyses production".

All major unions have backed the strike and a march on the presidential palace in Buenos Aires.

Last month the Government froze prices and wages and raised taxes and public sector tariffs in an effort to slow the inflation rate and drastically cut the fiscal deficit.

The Government's failure to reduce the deficit in line with targets agreed with the IMF earlier this year has delayed disbursements of a $1.4bn standby loan and necessitated an emergency bridging loan of $500m with the US Government through the Geneva-based International Settlements Bank.

Government finances are facing serious problems with public sector employees taking industrial action over pay, provincial governments insisting that the central government owes them money and tax income failing to keep pace with government expectations.

Mexico's rulers face united opposition

BY DAVID GARDNER IN MEXICO

MEXICO'S fragmented opposition has united around the issue of clean elections, launching the Democratic Assembly for Effective Suffrage to challenge the ruling party's 70-year grip on the political system.

The opposition aims to mount the most serious challenge ever to the ruling Institutional Revolutionary Party in presidential and congressional elections next July. The Mexican opposition has not had a significant election win recognised by the regime since the 1910-1917 revolution.

The assembly's task will be to convince Mexicans that the ruling party can be separated from the state.

The PRI in turn is preparing a team to monitor and debate with the opposition. Habitually the PRI ignores its opponents.

The assembly brings together strange bedfellows, including leaders of the right-wing National Action Party, much criticised for its links with the US Republican party, and leaders of the Democratic Current, the left-wing nationalist dissident fraction within the PRI. Social Democrats and Trotskyites rub shoulders with Mr Rogelio Sada, former chief executive of Vitro, a leading blue chip private company, and Mr Arnoldo Martinez Verdugo, the veteran Communist leader.

Mr Sada, who two years ago was forced to quit Vitro by government pressure because of his high profile in opposition politics, says: "It is a lie that only government imposition holds the country together and avoids anarchy." This is still a minority view among Mexican businessmen who are beholden to the ruling party for, among other things, providing decade after decade of social peace, after the revolutionary upheaval.

Mr Porfirio Unoz Ledo, a former PRI president and now Democratic Current Leader, says the purpose of the assembly is "to combat the spirit of fatalism in Mexican politics".

He adds: "Democracy is the only way forward towards modernity and the unavoidable pre-requisite for development."

A still-undefined "modern politics" is also the central campaign slogan of Mr Carlos Salinas de Gortari, the young former Planning Minister named last month to succeed President Miguel de la Madrid next year - assuming as everyone does, that he wins the election.

Mr Salinas admits that not all PRI victories have been won cleanly. In a speech to a PRI rally, he pledged fair elections, and an end to the ruling party's practice of a clean sweep at the polls.

But two days later, the PRI declared victory in all 38 municipalities contested in the northern border state of Coahuila, precisely the sort of National Action Party stronghold where Mr Salinas had said the regime had been damaged in recent ballot rigging scandals.

His aides say they are gearing up to fight open contests and have already identified 100 out of 300 first-past-the-post constituencies in which they face a serious opposition threat. In the last federal elections the PRI conceded eight out of these 300 districts.

Alcatel wins A$160m Pacific cable deal

BY CHRIS SHERWELL IN SYDNEY

ALCATEL, the French telecommunications company, has been chosen as the prospective contractor for an A$160m project to lay an optical fibre cable between Australia and New Zealand.

The 2,200 km link, known as Tasman 2, is part of a Pacific Ocean system which will connect Australia and New Zealand with North America and Asia by the mid-1990s. It will be the first submarine cable in the region to use optical fibre technology.

Australia's Overseas Telecommunications Corporation and the Telecom Corporation of New Zealand will each bear half the cost. Two further contracts, each worth A$500m, have yet to be awarded.

Details of the Tasman 2 contract are still to be finalised. Yesterday's announcement named as "preferred tenderer" Submarcom in association with Standard Telephones and Cables of Australia. Both are subsidiaries of Alcatel.

They beat three other bidders - STC of Britain with AWA of Australia, AT & T of the US with Olex Cables of Australia, and a Japanese group headed by the Ocean Cable Company.

The Alcatel tender was said to have shown a 7 per cent cost advantage in present value terms over the next lowest tenderer. It also promised a local content level of 70 per cent, well above its nearest rival which pledged 45 per cent.

A company called Tasman Cable Company is being formed to carry out the contract. Alcatel subsidiaries will own 60 per cent, and the remainder will be offered to Australian and New Zealand industry interests.

The cable will be commissioned by 1991. It will have 20,000 digital circuits, permitting 100,000 simultaneous voice conversations. The analogue circuits of the two existing cables have a capacity for just 4,000 conversations.

Earlier indications that the contract might go to Alcatel have generated local controversy in the light of Australia's poor relations with France over Paris's South Pacific policies.

In fact, STC Australia has operated in the country for about 75 years. A new STC plant is to be set up near Sydney to manufacture the cable from locally-sourced polyethylene, steel wire and optical fibre.

Repeaters, too, will be made at a plant near Sydney, while cable station equipment will be manufactured in Wellington.

A total of 300 jobs will be created, and new laser technology will be transferred to Australia. The new company will also be able to bid for other cable projects in the Pacific region over the next decade.

Aid to Airbus 'cost US 150 aircraft sales'

BY NANCY DUNNE IN WASHINGTON

THE SUPPORT provided by European governments to Airbus Industrie has cost the US more than 150 commercial aircraft sales, valued at about $3bn to American aircraft manufacturers, according to a report on foreign trade barriers released by the US Trade Represenatitve's Office.

It charges the Airbus consortium countries with intervening in third country markets "by offering political and economic inducement to promote Airbus over US aircraft".

The report adds:"It also appears the aggressive sales practices of Airbus Industrie have resulted in price suppression in various sales competitions.

"Continued erosion of profit margins could have a significant long-term impact on US industry."

The report calculates that 50,000 US jobs would be lost if Airbus reached its goal of selling 600 A320 aircraft by 1998. American job losses resulting from the development of the Airbus 330 and 340 aircraft cannot be calculated, it says.

Dozens of "barriers" to US trade are listed in the 373-page report. However the report does not give an estimate of the overall impact of these barriers, reportedly to avoid giving ammunition to Congressmen seeking to force US retaliation in the Trade Bill now in a House-Senate conference committee.

Thirty-one pages, the highest number devoted to one country, deal with US trade relations with Brazil. Brazilian import duties, at 45 per cent, are too high, it says, and quotas too restrictive. Brazil's subsidised export credit programme cost the US Export-Import Bank $12m when it was forced to offer competitive financing cost while the cost to US manufacturers in terms of lost contracts was even greater.

US companies have also suffered heavy losses as a result of copyright piracy in Brazil. One American trade association estimated that the annual losses on microcomputer software alone were more than $35m and the losses may be "substantially higher" for all types of computer software.

Coca Cola shelves $120m investment in Belize

BY PATRICK BLUM IN BELIZE

COCA COLA has shelved a planned $120m (£70.5m) investment in Belize as a result of international pressure from environmentalists.

The company says that its decision was made primarily on economic grounds but in Belize it is widely seen as the direct result of opposition from environmentalists led by Friends of the Earth who campaigned worldwide against the project on the grounds that it would damage the natural environment.

The decision is a blow to the Belize Government which is eager to encourage foreign investment in the country. Mr Manuel Esquivel, Belize's Prime Minister, sought to minimise the impact of the decision this week, arguing that it was the result of opposition outside the country and therefore out of the government's control. Coca Cola could still go ahead with a smaller project in the future and this may be more appropriate for the country, he said.

In an unusual move, the company had a one-page statement published in The Beacon, a pro-government newspaper, to explain its decision.

The statement says that plans to develop a large citrus plantation in the north of the country had been put on 'indefinite hold'.

The world market prices for frozen concentrated orange juice had 'dropped substantially', making the project 'unfeasible at this time' and the company does not expect an improvement in the near future.

There were also difficulties with citrus growers in the US. A large proportion of the 196,000 acres of land bought by the company in 1985 for under $10m will now be partly sold off and partly donated to the government. The company will also give some 44,000 acres of land to the Audubon Society for use as a nature reserve and provide $50,000 to help start up a fund to buy adjacent land and finance the management of the reserves.

There were also objections to the project because of the amount of land being 'given over' to a foreign company and about the incentives that the government appeared ready to grant Coca Cola.

Coca Cola now intends to retain some 50,000 acres of land in Belize for possible use in a scaled down project. It is also studying the possibility of manufacturing a citrus drinks base in Belize.

S Korea-EC copyright talks break down

By Maggie Ford in Seoul

TALKS aimed at securing equal treatment for the European Community with the US in the protection of intellectual property rights in South Korea have broken down on a key issue, a European Commission official said yesterday.

Mr Jos Loeff, deputy director general of external relations at the Commission said, however, that in two days of negotiations in Seoul the two sides had almost reached agreement on copyright and patents.

In July South Korea joined the international conventions governing these items. But last year, the US was given special treatment allowing retroactive protection for 10 years in the case of printed material and five years for software.

The South Korean Foreign Ministry said yesterday that considerable progress had been made in the talks but they had failed on the important question of conversion of process patents into product patents.

Under a law rushed through the National Assembly late last year, US companies were given three months after July 1 in which they could register process patents for conversion.

This issue is particularly important for European pharmaceutical and chemical companies which hold a larger share of the South Korean market than US companies, and stand to lose substantially under the bilateral arrangement.

Under the EC proposal advanced at the talks, European companies would forego the protection of a law on the statute book in return for equal treatment under "administrative guidance", a system by which the Government enforces an agreement without the need for a bill going through the Assembly.

The South Korean side had argued that it was impossible to give European companies the same treatment because there was no possibility of changing the law until the new democratic President is elected late this year and the National Assembly elections held early next year.

Mr Loeff said yesterday that the South Korean negotiators may have been taken by surprise by the change in EC tactics and that further talks were likely to be held.

Japan to curb exports to Communists

JAPAN will tighten legal controls on exports of 183 items to 13 Communist nations but will partially exempt China, the Ministry of International Trade and Industry (Miti) said yesterday, Reuter reports from Tokyo.

The Japanese Cabinet approved changes to rules on exports and foreign exchange to prevent the recurrence of illegal exports such as those involving Toshiba Machine Company.

The changes, effective from November 10, will apply to Afghanistan, Albania, Bulgaria, Cuba, Czechoslovakia, East Germany, Hungary, North Korea, Mongolia, Poland, Romania, the Soviet Union and Vietnam, Miti said.

A total of 181 of the 183 items are restricted by Cocom, the Paris-based body which aims to stop military-related technology exports to Communist countries.

Of these, 36 may be exported to China under less restrictive conditions due to its friendly relations with Japan.

Last September, Japan revised legislation raising penalties for Cocom export violations to a maximum five years in prison from a maximum three years.

Rediffusion in £10m BAe deal

By Lynton McLain

REDIFFUSION Simulation has won a contract from British Aerospace, worth just under £10m, for a flight simulator for the British Aerospace Hawk Mk 66 trainer aircraft.

The simulator is for the Swiss Air Force for training pilots for the Hawk aircraft to be supplied by BAe under a previously announced contract.

Rediffusion Simulation is a member of the BET group of companies.

Carla Rapoport looks at a key theme of the 27th Tokyo Motor Show

Luxurious future for Japanese cars

Luxury is on display this week at the 27th Tokyo Motor Show as the big Japanese car makers scramble to move upmarket. Stung by Honda's success with its Acura/Legend cars in the US and the rapid progress of BMW in Japan, the industry which prospered on the small, economical and sturdy is switching to the big and expensive.

Volume exports in the upmarket category will probably start within two years. But this week's Motor Show confirms that the Japanese are already driving relentlessly upmarket at home. In classic Japanese fashion, the car makers are perfecting at home what they intend to sell to the world.

Japan, which accounts for more than a quarter of the world industry, faces increasing competition from countries like South Korea and Yugoslavia in its export markets, while at home the appreciation of the yen has cut profits, forced up export prices and intensified competition.

Car exports from Japan dropped by 7.4 per cent in the first 6 months of this fiscal year compared with the same period last year, the first such drop in six years. In response, the industry has been busily increasing its production capacity overseas.

At the same time, however, the Japanese face export quotas in the US which could become tighter. So if they cannot increase sales, they must increase profits on what they sell.

The Honda Legend has blazed a trail in the US market

'We must upgrade our cars so we can compete in overseas markets,' said Mr Moriyuki Watanabe, chairman of Mazda. Standing next to the company's new Luce, with its 3-litre V-6 engine, Mr Watanabe said: 'We will have more luxury cars in future. We must have them.' Mazda will start exporting the Luce soon and is working on another upmarket car which will incorporate a new rotary engine.

Other car makers were more coy about their luxury export plans. But the top three Japanese automakers, Toyota, Nissan and Honda, are setting up new distribution networks in the US for higher-priced cars. Honda has already captured about 10 per cent of the luxury car market in the US with its Acura/Legend cars. Nissan and Toyota say their networks will be ready by 1989.

Only one of the big three unveiled an entirely new luxury car at this week's show: Nissan's Cima. A wide-bodied car with a sleek, expensive look, the Cima contains a new ceramic, turbo-charged 3-litre engine. The engine can deliver up to 255 horsepower, giving it 'comfortable reserves of performance,' according to the company.

Nissan claims that the car is strictly for the fast-growing luxury car market in Japan, aimed to compete with BMW and Mercedes Benz. Its luxury export model will have a 4-litre or 4-litre-plus engine. But the Cima gives an indication of what will be coming down the road from Japan.

'This is a global-design car. Aesthetically, it's spot on - simple but elegant. It looks coach-built like a Mercedes, but it's meticulously done,' according to Mr Richard Singer, a US export consultant for US auto parts companies.

Mr Yasuhiko Misaka, general manager of Nissan's product planning department and one of the Cima's designers, said the car reflects 'Japanese sensibilities, which are more delicate than Europeans'.' Specifically, he said, the Cima is quieter at lower speeds than German cars and also handles better at lower speeds. The car will sell in Japan at around Y5m ($36,500).

Other car makers were equally determined to present a luxury image to the thousands of car enthusiasts who visited the fair this week. Toyota, for example, displayed a V-8 engine and a navigational system which uses satellite signals

Over at the imported car pavilion, however, the Europeans appeared more bemused than worried. Executives with Jaguar and BMW, for example, said the Japanese move into luxury cars at home would only widen the market for all participants. As for their threat abroad, the Europeans were dismissive.

'We know everyone (in the Japanese auto industry) wants to move in to our sector, but it will take two or three car generations to make the right kind of car,' Mr Luder Paysen, managing director of BMW Japan, said. 'Besides, we are not selling a car, we're selling a lifestyle concept,' he said.

It doesn't look as though it will be long, however, before the Japanese learn to compete in lifestyle concepts as well as fuel and manufacturing efficiency.

Industry taken aback by concept cars

BY JOHN GRIFFITHS

WESTERN motor industry executives have been assuming a sanguine attitude towards the Japanese manufacturers' displays at the Tokyo show.

But privately many admit to have been taken aback at the sheer number and variety of the engineering innovations, concept cars and other technological hardware put on show.

Toyota, Japan's largest car maker, unveiled five concept cars of its own, some of which incorporated, it was clear, innovations that it intends to introduce in production cars in the near future.

One, the FXV-II, displays integrated electronic control of engine, brakes, suspension steering, seating position and other ingredients - all of which are expected to be featured not just on Toyota's upcoming luxury car, but on other vehicles destined for commercial production in the next several years.

Nissan, which has lost considerable market share to Toyota, sought to counter criticism of its design and styling with no less than seven "concept" cars at least one of which, the mid-engined Mid4, is expected to go into production as a direct challenger to Ferrari and Porsche and with a likely cost, at current prices, of around £60,000.

Boost for clothing producers

BY ALICE RAWSTHORN

NEW technology is enabling clothing manufacturers in the industrialised countries to compete more effectively against producers in the developing world. This is unlikely, however, to lead to a significant relocation of production facilities in industrialised countries, according to a report from the International Labour Office (ILO) in Geneva.

The developing world now accounts for 55 per cent of world trade in clothing, and its emergence has dealt a devastating blow to many clothing companies in high-wage markets.

In the past decade, clothing manufacturers in the developed world have used advances in technology to become more competitive and the ILO has analysed the impact these technological changes will have on the structure of the international clothing industry.

It concludes that the cost advantage - which low wages have given to manufacturers in the developing countries - is diminishing, and as a result the growth of clothing exports from the Third World may be arrested.

But the ILO expects the developing countries to remain a powerful force in the international clothing industry. Moreover, a "massive relocation" of clothing production from the developing back to the developed world, is "unlikely".

First, manufacturers in the developing countries could invest in new technology to sustain their cost advantage. Second, the trend for European and North American clothing companies to sub-contract part of their production to the Third World is likely to continue, a system already well developed within the West German, Dutch and US clothing industries.

The report suggests that new national clothing industries will continue to emerge as has happened in China, Turkey and Bangladesh in recent years. The ease with which new clothing industries can be built is a reflection of the labour-intensive nature of the production process and the small amounts of investment needed to develop new products.

Public spending level not defined by party policy

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

CHANGES in the pattern of public spending over the past 15 years bear much less relation to the political priorities of different governments than is generally assumed, according to a new study published today.

The study, sponsored by the National Institute of Economic and Social Research, also highlights the contrast between the political rhetoric of successive governments and actual changes in the level of spending.

Under the Conservative Government of 1970/74, general government spending rose by more than 30 per cent. Efforts to stimulate demand in the economy, large pay awards after lengthy public sector strikes, increased industrial subsidies and increases in social spending provided the main impetus.

The radical change in attitudes to public spending came in 1976 when the then Labour Government was forced to adopt an IMF austerity programme in the face of a balance-of-payments crisis. In 1979, the real level of spending was 1 per cent lower than the four previous years.

By contrast, under the present Government's initial commitment to freeze public sector outlays, spending has continued to rise, albeit much more slowly than in the early 1970s.

The pattern of spending since 1979 has, to a large extent, been dictated by factors outside the control of the Government rather than by its political priorities.

The commitment in its first term of office to raise spending on defence by 3 per cent a year was inherited from the previous Labour administration, as were a number of large public sector pay awards. Sharply higher spending on benefits reflected the steep rise in unemployment, while there have also been increases in allocations for education, health and social services.

The study, written by Mr Malcolm Levitt and Mr Michael Joyce, suggests that these strong upward pressures on spending will remain a problem into the mid-1990s.

"Pressures exist to raise spending on virtually every programme: for new and better defence equipment; to reduce hospital waiting times and to improve community care; to rebuild and re-equip schools...to increase the purchasing power of social security benefits and to extend entitlement to them; to repaid and increase the council housing stock," the study says.

It concludes that without substantial increases in tax revenues or a significant improvement in productivity, it will be difficult even to maintain the present effectiveness of public services.

The Growth and Efficiency of Government Spending, price £22.50, Cambridge University Press, Shaftesbury Road, Cambridge CB2 2RU.

Halifax to cut home loan rate to 10.3%

BY HUGO DIXON

HALIFAX, the UK's largest building society, yesterday announced that it will cut its mortgage rate from 11.25 per cent to 10.3 per cent.

The decision, which was triggered by yesterday's cut in base rates, is likely to be followed by banks, specialist mortgage lenders and other societies, although there may be some delay. It is also likely to lead to reductions in the rates that societies pay small investors.

Halifax's move takes into account both yesterday's half percentage point reduction in base rates and the half point reduction two weeks ago, to which societies did not react.

It will mean that a basic rate taxpayer with an endowment mortgage of £30,000 will pay £188 a month compared with £205. The monthly outlay on a repayment mortgage of the same size will fall from £238 to £225.

The new rate comes into force on Monday for new borrowers and will take effect for existing borrowers on December 1.

"We wish to remain as keenly competitive as possible given the competition from banks and other lenders," Halifax said.

Abbey National, the UK's second largest society, said it also intended to cut its mortgage rate but did not think the time was right yet, as base rates could fall further. In that case, it would want to make larger reductions in the mortgage rate.

"Things are too volatile at the moment," said Mr John Bayliss, the society's general manager.

A similar point was made by Nationwide Anglia, the third largest society, which said: "We are sitting tight till the murk clears slightly."

One large clearing bank said it would probably cut its mortgage rate today. Specialist mortgage lenders are also likely to reduce their rates. One of these, the Mortgage Corporation, lowered its rate from 11.1 per cent to 10.5 per cent on Monday.

Growth of flexible workforce to continue

BY PHILIP BASSETT, LABOUR EDITOR

BRITAIN'S flexible workforce is likely to continue to grow - but its recent growth has been slower than earlier in the 1980s, according to Government figures published yesterday.

A study by the Department of Employment gives the most recent information on the flexible workforce in Britain - workers in peripheral or "non-regular" employment such as temporary or part-time work, or self-employment.

The study says that in 1986, 35 per cent of Britain's labour force could be seen as flexible workers, with roughly 65 per cent in traditional employment, and indications are that the flexible workforce grew in the 1980s.

It suggests that "the flexible workforce will continue to grow in the near future".

The study finds that women make up about two-thirds of the flexible labour force, and it varies significantly between industries, from a low of 6 per cent in energy and water supply, to about 60 per cent in agriculture.

Thatcher to face stiff education bill test

By Peter Riddell, Political Editor

THE GOVERNMENT could face defeat next year in the House of Lords on central parts of its far-reaching Education Bill, Lord Whitelaw, the leader of the Lords, has forecast in one of his characteristic flashes of candour.

His comments are made in the light of growing discussion at Westminster about the problems resulting from the Government's heavy legislative programme and speculation that one or more bills may have to be dropped.

Due to be interviewed on BBC Radio 4's Analysis programme tonight, Lord Whitelaw stresses the "very major issues at stake" in the Education Bill. This should be published within a few weeks and proposes a major overhaul of the schools' system, including provisions to allow individual schools to opt out of local authority control.

Noting the large number of peers who know much about the education system, he predicts a good deal of argument and suggests that "probably the House of Lords will defeat the Government on that bill."

Asked which part will cause most trouble, Lord Whitelaw says he suspects "probably on the proposals for opting out."

Any defeat when the Education Bill comes before the Lords early next summer would undoubtedly be an embarrassment for the Government. Any amendments could be reversed when the bill returns to the Commons, though some changes could be permanent if the size of the Lords defeat were large.

Lord Whitelaw's comments are clearly intended as a warning to his colleagues that they cannot expect such a heavy and controversial legislative programme to emerge unscathed given that the Tories do not have an inbuilt majority in the upper house.

Worries over the size of the legislative programme arise principally in the Lords where the committee stage of the Criminal Justice Bill has already overrun by several days.

Consequently, there has been speculation that one or more bills may be dropped. The official Government line yesterday was that no proposal has yet been made to drop any measure. There is no intention to drop any of the session's major bills

Short take-off airports planned for Paris and British cities

BY ANDREW TAYLOR

JOHN MOWLEM, the British construction group, is considering plans to construct a short take-off airport in Paris as well as three others in Britain following the opening of London City Airport last week.

Paris would be a logical site. A large number of flights from London City Airport are expected to go to Charles de Gaulle airport, which is on the outskirts of Paris, just as Heathrow is situated some way from the centre of London, much to the inconvenience of many travelling businessmen.

Mr Roger Sainsbury, the Mowlem director responsible, says: "We would like to take advantage of the experience we have built up over the last couple of years...I see Paris as a place where we would be interested."

Mowlem, the owner, operator and builder of the £30m private sector London airport, popularly called Stolport, says proposals at this stage are only tentative.

Two of the British cities are understood to be Sheffield in Yorkshire and Cardiff in South Wales, with a further site in northern England under consideration.

Only in Sheffield have proposals reached any sort of discussion stage, says Mowlem. The city council there has for some time been conscious that it is one of the few British cities of that size and importance still lacking a commercial airport serving domestic and shorthaul European routes.

A possible site for an airport has been identified at Tinsley, close to the M1 motorway in the lower Don Valley about five miles east of Sheffield city centre.

The Labour-controlled council said yesterday it was looking at various ways of financing the construction of an airport and was considering a number of options. It said its plans had the backing of the local business community as well as other local councils in the area.

Cardiff is considering the possibility of using the city's disused docks to build its own version.

TNT workers may strike over pay

BY JIMMY BURNS, LABOUR STAFF

TNT, the Australian freight transport group which distributes the British titles published by Mr Rupert Murdoch's News International, is facing the prospect of a national strike later this month because of a pay dispute.

The move threatens to dent the company's strike-free track record and to disrupt Mr Murdoch's proposed distribution of his daily titles on Christmas day.

Members of the TWGU transport union employed by TNT have voted by a 2-1 majority in favour of industrial action after rejecting the company's offer of a two-stage wage increase payable between now and next April.

The TGWU said the company had rejected union demands for a wide-ranging pay and conditions package, including an immediate salary increase of 10 per cent on basic rates, improvements in holiday entitlements, and a shorter working week.

TNT has offered an increase of £8, believed to be equivalent to about 7 per cent over basic rates.

The company yesterday refused to comment on the threatened strike.

TGWU members who represent the majority of TNT's workforce were instrumental in ensuring the success of Mr Murdoch's protracted battle with the print unions. They agreed to cross the picket lines at News International's Wapping plant in defiance of their union's instructions.

● Complete cross-border liberalisation of the European Community's freight haulage market planned for 1992 threatens large-scale redundancies and the collapse of the British distribution industry, Mr Ashwell warned yesterday.

Speaking to an employers' forum in London yesterday, Mr Ashwell said that his union planned to step up its international campaign for an amendment of EC proposals for the sector to ensure a more effective harmonisation of the conditions of competition.

He claimed foreign competitors would exploit cheap labour and tax concessions and have a direct financial advantage over current British contract hire operators.

"UK trade unions cannot and will not stand by and watch the UK drivers' jobs being sacrificed at the altar of the Free Community concept," Mr Ashwell warned.

Banking union on verge of collapse

By John Gapper, Labour Staff

THE CLEARING Banks Union - not affiliated to the TUC — was on the verge of collapse last night after one of its three members, the Lloyds Bank Group Staff Union, decided to pull out on the grounds of cost.

The fate of the CBU, which lost its negotiating role in the summer when the Federation of London Clearing Bank Employers broke up, is likely to be decided later this month.

The Barclays Group Staff Union said it would press for the CBU to continue, but the NatWest Staff Association said it could see little point in the joint body without the participation of the LGBSU.

Mr Ian Partridge, general secretary of the 24,000-strong LGBSU, said the union had to respond to new circumstances and this would allow it to deploy its resources where they were most needed.

The CBU cost about £180,000 to run last year and it had hoped to keep expenditure this year to less than £100,000. It has about 110,000 affiliated members including Lloyds staff, and has been the biggest banking union until now. Its relations with the TUC-affiliated Banking, Insurance and Finance Union have been fraught.

UK NEWS

Builders to meet insurers over storm repairs

BY ANDREW TAYLOR

BUILDING INDUSTRY chiefs plan to meet insurance industry leaders tomorrow to try to prevent further delays in carrying out millions of pounds of repairs following last month's storms.

Builders already had healthy order books before the storm struck on October 16 and say it will take months to repair all the damage.

There is a huge backlog of work particularly in south-east England which was swept by hurricane-strength winds ripping millions of tiles from roofs and leaving a trail of damage from the Channel Islands to East Anglia.

Builders fear further delays could be caused if insurance companies insist on having several estimates before approving work. They are also concerned that cashflows might be hit by the length of time it takes some insurance companies to make payments.

The Building Employers' Confederation, which has 9,500 members with a combined turnover of more than £20bn, is due to meet the Association of British Insurers tomorrow to see if arrangements can be agreed to speed up the processing of storm damage claims and also to reduce delays in payments.

The association has estimated that the storms could cost insurers about £500m.

Mr Jack Newby, director-general of the building employers' organisation, says that members in Kent, one of the worst-affected areas, had estimated it could take 12 months before all the storm damage to buildings was put right.

The confederation was proposing to contact local authority bodies to see if non-priority work for councils might be rescheduled in some areas to allow builders to concentrate on those in most need.

Mr Newby said that builders were also concerned that cowboy contractors taking advantage of desperate people could force up building material prices in the worst-affected areas.

Scaffolding was in short supply in some places and there had been an increasing number of thefts of equipment reported by bona fide contractors in Kent.

● The Building Employers' Confederation yesterday launched a joint venture company with Bain Clarkson, the UK's fourth-largest industrial insurance broker, to provide insurance services for its members.

Bain Clarkson which was formed earlier this year by the merger of Bain Dawes and Clarkson Puckle, said it had concluded arrangements with three large insurance companies - Sun Alliance, Lombard Insurance Company and New Zealand Insurance Company - to provide a range of products specifically tailored for the construction industry.

The confederation said its members were involved in just over 75 per cent of all UK construction output. It planned to use its bulk purchasing power to get a better deal with insurers for contractors.

Insurance broker Stewart Wrighison until March this year held the contract to advise the confederation on insurance matters.

Number of factory inspectors to rise

By David Brindle

THE NUMBER of factory inspectors is set to stop falling and rise for the first time since 1980 after the Government's announcement of a 7 per cent rise in the budget of the Health and Safety Executive.

However, the HSE said yesterday that it would be able to do little more than maintain existing inspection levels and increase slightly the 528-strong inspectorate in the field.

The number of inspectors on the ground has fallen from a peak of 664 in 1980. Concern about this has risen sharply in recent months amid mounting evidence of increasing accidents in industry.

The HSE is said to have told the Government that it wanted an increase of £9m in its budget for 1988-89, but that £6m extra would enable it to prevent further erosion of services.

In the Autumn Statement on Tuesday, the Government increased the department's budget by £8.7m to £161.6m.

Mr Norman Fowler, Employment Secretary, said this 7 per cent rise was bigger than previously planned and would make the HSE "fully able to maintain its inspection standards."

The HSE yesterday forecast recruitment of 90 extra staff, including 55 inspectors divided among the factory, agricultural and technology inspectorates.

The Institution of Professional Civil Servants, the factory inspectors' trade union, said the increase was barely enough to stabilise the position.

Michael Donne on the likely decision of the inquiry into the proposed BA-BCal link

Airlines expect to be cleared for merger

THE UK air transport industry is hoping for a speedy decision from Lord Young, the Trade and Industry Secretary, on the report from the Monopolies and Mergers Commission on the proposed merger of British Airways and British Caledonian Airways.

The report was sent to Lord Young after three months of intensive work. The most widespread view is that it will recommend that the merger goes ahead, subject to safeguards to protect the interests of smaller airlines, especially at Gatwick airport.

If the merger is allowed, BA will have to work out a new offer for BCal, probably much lower in value than the original £237m in the light of recent events in stock markets, and it could be several weeks before BCal shares change hands.

Few expect the commission to recommend rejection of the merger, though the possibility cannot be ignored in the light of strong criticisms from a number of MPs and some of the major independent airlines, which believe it to be against the public interest.

If the proposed merger is rejected, both BA and BCal would be free to go their own ways and both would probably look for other partners.

The airlines have made it clear in the increasingly competitive air transport environment that they want to become bigger and stronger. They have argued that their merger would be the logical first step in achieving this.

BA believes a merger to be necessary in the light of the growing power of the US "mega-carriers" in international markets, while BCal regards it as necessary to strengthen its weak financial position.

However, BCal has made it clear that it cannot afford a long delay in settling the matter. Mr David Coltman, managing director of BCal, confirmed yesterday that since the referral of the proposed merger to the commission BCal had resumed discussions with overseas airlines on possible amalgamations.

Lord Young

Although he declined to name them, they include airlines in Western Europe and the US. If the BA merger collapses, BCal will move quickly to set up alternative arrangements.

If the commission recommends the merger, much will depend upon what measures, if any, it suggests to protect smaller airlines' interests.

Some airline chiefs have argued that it is neither the commission's job, nor does it have the competence, to go into the details of safeguards, which would involve it in highly contentious political debate on matters relating to the long-term conduct of UK civil aviation.

Such safeguards would probably take weeks to hammer out through intensive discussions between the airlines, the Department of Trade and Industry, the Department of Transport and the Civil Aviation Authority.

The commission is probably aware of the pitfalls and it seems more likely that it would confine itself simply to stressing the need for safeguards against predatory and anti-competitive behaviour by BA and BCal, leaving the details to be worked out by others.

In that case, Lord Young could swiftly accept the merger recommendation - possibly with an announcement next week - allowing BA to work out its new offer for BCal and initiating in the meantime the necessary discussions between Whitehall and the industry on the safeguards.

The two separate activities could be carried on in parallel, so that by the end of this year or early next, BA's offer could be in place and the Government could be in a position to announce its guidelines for the future conduct of UK civil aviation.

Community care review 'needs radical solutions'

BY ALAN PIKE, SOCIAL AFFAIRS CORRESPONDENT

A GOVERNMENT review of community care may need to consider "fairly radical solutions" to overcome structural differences between the health service and local authorities, the National Audit Office says in a report published yesterday.

Government policy favours, where appropriate, the care of elderly, mentally handicapped and mentally ill people in their own homes or elsewhere in local communities rather than in hospital. Sir Roy Griffiths, deputy chairman of the National Health Service Board, is examining community care and is due to report to the Government

In yesterday's report Sir Gordon Downey, Comptroller and Auditor General, says that, while the successful implementation of community care policies requires concerted action by both health and local authorities, "it is clear that the statutory relationship between central and local government and present funding arrangements of local authorities inhibit direct and equal oversight by the Department of Health and Social Security in both areas."

Community Care Developments, National Audit Office, House of Commons Paper 108, HMSO £5.80

Farm bill to tackle surpluses

BY BRIDGET BLOOM

POLICIES designed to help farmers find alternatives to using their land to produce surplus commodities will be introduced today when the Government publishes its Farm Land and Rural Development Bill.

The policies, first announced last spring in the so-called Alure package - Alternative Land Use and the Rural Economy - will involve grants to farmers to diversify into craft industries or tourism, as well as to plant non-surplus crops.

The new measures are thought to involve government finance of between £40m and £50m a year. Lord Whitelaw, Leader of the House of Lords, addressing a conference on the future of rural communities in London yesterday, said the measures were seen as part of the process of stimulating change in and boosting the economy of rural areas.

The conference was organised by the Council of Europe as part of a Europe-wide campaign to draw attention to the problems of rural areas.

It was attended by a wide range of local authority representatives, development agencies and voluntary organisations.

Lord Vinson, chairman of the British campaign and head of the government-financed Development Commission, said rural areas were being overlooked by governments and politicians overwhelmed by the problems or urban and inner-city areas.

The increasing squeeze on farm incomes was likely to make rural problems worse, Lord Vinson said. It was evident that agriculture could not provide all the jobs needed and that these would have to come from the creation of small-scale businesses of a traditional and modern high-technology kind.

There was a "crying need" for starter homes in many rural areas where shortages were exacerbated by the purhcase of houses as second homes by the urban afflnent.

It was also vital that people in the countryside had access to hospitals, schools, shops and the variety of services that people in urban areas took for granted, Lord Vinson said.

Prestwick air control system to be improved

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE RELIABILITY of the computer system serving the North Atlantic Oceanic Control Centre at Prestwick, Scotland, is to be improved following a series of failures in the centre's computer system last summer.

The centre serves air traffic to and from the UK over the North Atlantic air routes serving North America.

The Civil Aviation Authority, which called in a firm of consultants, Yard Limited, is adopting its recommendations for improving the centre.

The changes include appointing a manager with overall responsibility for the entire flight data-processing system, increasing staff numbers, testing more rigorously changes in computer software, and introducing better "defensive programming techniques" to prevent system failures.

It also suggests a temporary freeze on all but the most essential development work.

These measures will be implemented as a matter of urgency over the next three months but further recommendations will be implemented later.

These include improving staff training programmes, reducing the time taken to recover from system interruptions, devising a comprehensive development plan for the system as a whole and resuming development work on the system.

Air Furness plans £2m expansion

By Michael Donne, Aerospace Correspondent

A £2M EXPANSION is planned by Air Furness, the north-west regional airline based at Barrow-in-Furness, Cumbria, in conjunction with Reyd Financial Services of Bristol, to enable it to extend its route structure and improve its engineering facilities.

The airline at present operates passenger flights between Barrow and Manchester and the Isle of Man, and between Carlisle and the Isle of Man.

The plans include routes linking Carlisle and Workington to Manchester, and the development of routes out of Glasgow.

Tourism under pressure from falling dollar

BY DAVID CHURCHILL, LEISURE INDUSTRIES CORRESPONDENT

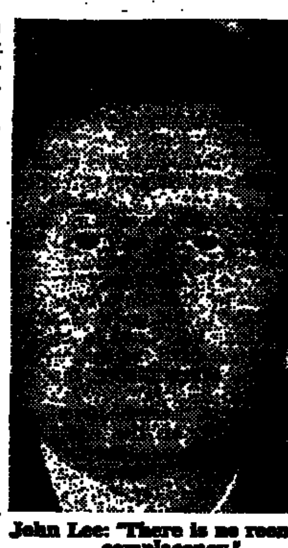
THE FALL in the value of the US dollar against sterling may hit Britain's buoyant tourism industry, the Department of Employment warned yesterday.

Mr John Lee, Minister for Tourism, said: "We must be alive to the pressures on Americans to vacation at home next year if the dollar continues its current trend."

He said the weakness of the US dollar left "no room for complacency over the continued buoyancy of inward tourism." Mr Lee also warned hotels and restaurants to bear this in mind when setting next year's prices. "It is bound to make the competition for American visitors still tougher," he added.

The British Tourist Authority said yesterday that the US dollar would have to fall considerably to have any effect on tourism.

"We promote Britain as a good value-for-money holiday to Americans and they are getting better value here than, for example, in Switzerland and West Germany, where the dollar has fallen even more," a spokesman said.



John Lee: "There is no room for complacency."

The latest tourism figures from the Department of Employment, published yesterday, reveal that 10 per cent more visitors came to the UK in August this year than in the same month last year. The increase was spearheaded by a 21 per cent increase in the number of visitors from North America.

Foreign tourists spent £920m in the UK in August, some 18 per cent more than in the same month last year.

For the three months June to August this year, there was a 16 per cent increase in the total number of tourists visiting the UK compared with the same quarter last year. For the first eight months of the year, the increase was 14 per cent.

The increase in UK residents going abroad in August was only 4 per cent more than in the same month last year. From June to August the increase was 2 per cent while during the first eight months of the year it was 14 per cent.

While Britain's tourism industry may become worried about the US dollar's strength, travel companies selling holidays to the US are expecting a surge in demand.

Mr Ian Morrison, managing director of Jetlife Holidays, said yesterday: "We predict a boom in holidays to America." Florida in particular is expected to be popular.

British Shipbuilders's job-redeployment ends

BY JOHN GAPPER, LABOUR STAFF

BRITISH SHIPBUILDERS Enterprise, job-redeployment arm of British Shipbuilders, the state-owned merchant shipbuilding corporation, yesterday said it had done most of what it could to help 3,458 yard-workers made redundant in spring last year.

BSE said about £8m was spent retraining workers and finding jobs. About 1,400 were re-employed; it expected 1,000 more would find work.

BSE expects to be wound up at the year end. BS - with a £148m trading loss for 1986-87 - faces continuing problems but has no plans to cut the 6,500-strong workforce further.

Of the 1,400, 83 started businesses to which BSE granted up to £750 and lent up to £10,000. Spending including loans totalled about £7.2m. The Government gave BS £5m to set up BSE; the Manpower Services Commission contributed £1m to retraining.

Mr Richard Wormell, BSE managing director, said he believed it had achieved a "gratifying measure of success."

Consumer body criticises financial advertising

BY DAVID CHURCHILL

FINANCIAL advertisements that mislead consumers were criticised yesterday by the Consumers' Association in the latest issue of Which? magazine.

The magazine warns against thinking that "get rich quick" financial advertisements tell consumers the whole truth.

"A common ploy on the part of unit trusts and unit-linked life insurance policies has been to concentrate in advertising on past performance, suggesting that favourable trends will continue," it says.

But it points out that such performance is not guaranteed and says that potential investors are not always made aware of this.

One advertising gambit, it claims, is to "sell" life assurance as a tax-free investment. The magazine points out that "insurance companies have to pay tax and this reduces the money their clients get back."

Which? warns first-time investors to be wary of adverts offering "free" independent financial advice. "It's worth bearing in mind that such advisers get commission on investments bought through them so their advice may not be entirely independent," it adds.

Finance rules to be eased

BY RICHARD WATERS

THE CONSUMER Credit Act is to be amended to make it easier for small unincorporated businesses to raise finance, Lord Young, Trade and Industry Secretary, said last night.

Speaking at the annual dinner of the Equipment Leasing Association, he said that all credit and hire for business purposes would be made exempt from the act.

At present, any financing arrangement for an unincorporated business or partnership involving less than £15,000 falls within the scope of the act. This means, for instance, that the deal has to be signed on the trader's premises, and there must be a seven-day "cooling-off" period to allow the trader to back out.

This imposed extra administrative costs and delayed the release of funds, said Lord Young.

Henry the navigator lands in the North Sea

By Lucy Kellaway

HENRY HUDSON, the 17th century English navigator, yesterday took his place alongside saints geologists and a ragbag of oil company wives, secretaries and mistresses, as the namesake of a new oil field in the North Sea.

Amoco announced that a new oil find on block 210/24a had been named Hudson. He was chosen in preference to David Livingstone, Sir Martin Frobisher and Chris Bonnington, who are presumably patiently standing in line waiting for Amoco to find more oil. Hudson will be a companion for Sir Francis Drake, after whom the US oil company named another marginal discovery.

Amoco's explorers follow a new well-established North Sea pattern in which each oil company chooses a theme around which to name its discoveries. Most have played safe - generally opting for historical figures, geographical landmarks or creatures - and in general have shown considerable tact in giving the fields a Scottish identity.

Indeed, the oil companies have been so careful to select Scottish themes that almost everything both suitable and Scottish has already been claimed by one of the existing 100-plus North Sea fields. BP has chosen Scottish saints (St Magnus, St Clair and St Ninian), Sun Oil has played safe with Scottish castles, such as Balmoral, Stirling and Glamis, while Hamilton has injected a plain man's touch with common Scottish surnames, such as Argyll and Gordon.

Conoco has been a little more esoteric, chosing to name its fields after famous Scottish geologists, so that the somewhat recherche figure of Sir Roderick Murchison, a 19th century expert on the structure of the Scottish Highlands, will be remembered by a 300m barrel oil field.

Geographical landmarks have proved a popular, if dull, choice, with Britoil opting for Scottish rivers such as Clyde, and Mobil claiming the lochs - Ness, etcetera - as its own. Amerada Hess has perhaps made the pretentious selection, choosing the novels of Sir Walter Scott - Waverley, Ivanhoe and Rob Roy - as its theme.

Phillips is one of the few companies which have shunned tradition, pinning the names of the fields more directly to their inspiration, to the women - Sue, Maureen and Tiffany - honoured by the men who found them. Mesa Petroleum did likewise when it named Beatrice - a particularly unusual discovery - after the wife of its chairman, T Boone Pickens.

As more and more fields have been found in the the North Sea the themes have been sorely tested. According to North Sea folklore, when Shell named its first field in the North Sea in early 1971 it did not realise how many more fields it would find which would also need names.

In opting for the no-nonsense A-UK, Shell allegedly intended to carry the series until someone noticed that by the sixth discovery it would run into difficulties. However, as Auk is also the name of a bird, a more poetic series was established which now includes the giant Brent field, Cormorant and Elder.

While most other oil provinces are content to name fields after places or numbers, the idea of fancy themes has happily been adopted on the other side of the North Sea where the Norwegians have shown a more sentimental bent, calling their fields after such nursery rhyme figures as Tommeliten (Tom Thumb) or after mythological characters like Frigg - the Goddess of Love.

Biffen joins Glynwed

TORY MP Mr John Biffen, former leader of the Commons, is joining the board of Glynwed International, the industrial group.

Canary Wharf building starts

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

CONSTRUCTION started yesterday at the £3bn Canary Wharf project, the attempt by Olympia & York to create in Docklands a new London business district.

Lord Young, the Trade and Industry Secretary, and Mr Paul Reichmann, one of the three brothers controlling O&Y, which is said to be the largest owner of office property in the world, drove in the first pile of the 5m sq ft first phase.

The start at Canary Wharf, on the Isle of Dogs, coincided with the announcement by Tarmac Brookglade Properties of a new £60m phase in its 2m sq ft mixed use development at Heron Quays. This is just to the south of Canary Wharf and will be linked to it by a walkway.

Mr Reichmann has made clear that the turmoil on the stock markets will not stop the Canary Wharf project from going ahead. O&Y had predicted that there would be at least two economic downturns during the development period.

He said when there was concern about recession or ructions in the market place, users of property became more concerned about their accommodation costs.

O&Y sees Canary Wharf as a site for the main offices of major financial corporations.

It is prepared to offer accommodation to companies prepared to make an early commitment to the project at a total cost of around £15 a sq ft, about 20 per cent of City of London costs. So far only Credit Suisse First Boston and Morgan Stanley, institutions which gave birth to the project, are signed up.

By contrast, the Tarmac Brookglade development is much less sensitive to movements in the securities industry. Its largest building, at 250,000 sq ft, is smaller than the smallest building planned for Canary Wharf. It is concentrating on the provision of smaller office suites for the service industries.

O&Y has now started on an urgent programme to develop the western end of Canary Wharf, including a 700 ft office tower. In a move likely to antagonise the British architectural community, it has engaged a predominantly US team

Cesar Pelli, of the US, and Adamson Associates, of Canada, are joining the British firm of Sir Frederick Gibbard in working on the tower. The lower rise buildings of the first phase are being handled by three US companies - Skidmore, Owings and Merrill, Kohn Pederson Fox and I.M. Pei.

Skidmore is sharing with YRM of the UK the site planning and infrastructure developments. Two British companies - Donaldsons and Building Design Partnership - are consultants for the retail development on the site.

In the interests of speed, O&Y has turned to consultants with whom it has had previous experience of working. The intention is that the first tenants should start moving in two years

Electricity price rise criticised

BY MAURICE SAMUELSON

LARGE industrial users of electricity fear they will bear a disproportionate burden of the 15 per cent rise in electricity prices announced by Mr Cecil Parkinson, the Energy Secretary, on Tuesday.

Electricity users say the price rise, proposed to be implemented over the next two years, will make them less able to deal with overseas competition.

The fears were expressed yesterday by a range of organisations, including the Confederation of British Industry, the Electricity Consumers' Council and representatives of energy intensive industries.

All remained unconvinced by the Government's claim that the increases were sought to finance a new power station building programme rather than to "fatten up" the industry in readiness for its privatisation.

The CBI said last night that the price rises would add about £900m to industry's costs over two years, and the bulk users - chemicals, steel, artificial fibres and paper and board - would be particularly hard hit.

According to the CBI, bulk users in the UK are already paying more for supplies than several of their European competitors, notably France, Italy and Belgium.

"The bulk users will be faced with the prospect of passing the increase on in higher prices - which could mean conceding business to their rivals - or holding prices and thus forgoing cash which is badly needed for their own investment."

For many internationally-traded chemicals companies, electricity accounted for 25 to 33 per cent of production costs, and 60 per cent in the case of chlorine.

While accepting that substantial sums would be needed to expand generating capacity, the CBI said the electricity industry had already been earning substantial surpluses

"Last year the figure was £1.1bn and over the next two years a further £2.1bn will be paid to the Government. This coupled with efficiency improvements would go a long way towards funding the investment programme without crippling price rises."

The Electricity Council, the umbrella body of the electricity industry, replied that it was "premature" to claim that industry would bear a disproportionate burden of the increases, since consultations had not yet *started on how to meet the new* financial targets.

The Electricity Consumers' Council, the statutory watchdog body, said it was "shocked and horrified" by Mr Parkinson's announcement."

Maurice Samuelson reports on concern about the next stage of energy privatisation

Industry counts cost of a power struggle

IT IS probably coincidental that British Gas's treatment of its industrial customers was referred to the Office of Fair Trading only a day before higher electricity prices were announced by Mr Cecil Parkinson, the Energy Secretary.

The corporation is accused by several groups of industrial customers of acting against the public interest by abusing its powerful monopoly status. It has forcefully denied this, but the complainants see the forthcoming electricity price increases, announced on Tuesday, as a grim foretaste of what might happen when electricity follows gas into private hands.

Mr Reg Legge, energy co-ordinator of the Chemical Industries Federation, said: "Since gas was privatised we have seen all the dangers which we warned would happen if it were sold as a monopoly. We now fear we would go down the same route with electricity."

Chemical manufacturers are among a group of energy-hungry industries, including steel, ceramics, glass and paper, which has for years been complaining that UK energy prices are higher than in most other west European countries. The complaint to the Director of Fair Trading, submitted by the Gas Consumers' Council, concerns gas supplied under firm contracts, as opposed to "interruptible" gas which can be cut off at short notice during winter shortages.

In the first half of the 1980s, a freeze on UK gas prices, followed by steady price increases in Europe, helped to soften the grievance of UK industries. However, the argument has flared again since the 1986 oil price collapse, which was followed on the Continent by a much steeper fall in gas prices than in this country.

For the past 12 months or so, say the chemical companies, the average continental price for firm contract gas has been about 22p a therm compared with about 32p a therm in the UK.

EUROPEAN GAS PRICES (pence per therm)

Belgium	20.7
France	23.0
Italy	22.5
Netherlands	20.8
W. Germany	22.0
UK	30-33.0

Firm contract prices at October 1 for medium-sized industrial customers, using 3.5m therms per annum.
Source: British Independent Steel Producers Association

But it is not just the international comparisons that rankle. There are also complaints about the different prices levelled within the UK by a gas industry freed from state ownership, and about the style of the corporation's management.

In the absence of full-price transparency, industrial trade bodies have to conduct regular polls of their members to build up a picture of what they are being charged. Over the past year, say the chemical manufacturers, prices of firm gas have ranged between 25.5p a therm and about 35p, with most paying just over 30p.

"British Gas's policy is to get what it can from its customers and to warn them not to let anyone else know what they are paying," says Mr Legge. Particularly vulnerable are industries such as ceramics for which gas is the preferred fuel.

The corporation, however, is in no mood to apologise for its policy, the effectiveness of which it says is demonstrated by its recapture of nearly all the 20 per cent of industrial load lost after the oil price collapse as well as new business from oil, bottled gas and electricity.

Independent in profit as rival plan emerges

By Raymond Snoddy

THE INDEPENDENT newspaper has almost certainly moved into profit just as the publisher of The Observer is considering turning the national Sunday newspaper into a rival daily.

Mr Andreas Whittam Smith, editor and chief executive of The Independent, which was launched just over a year ago by three former Daily Telegraph journalists, said yesterday he believed the profit for last month would be more than £100,000 as both circulation and advertising continued to rise.

Final figures on costs and circulation were still coming in but Mr Whittam Smith said The Independent's circulation in October had almost certainly reached a new high of 370,000.

The paper is unlikely to be in regular profit on a month-by-month basis until next spring, but Mr Whittam Smith said that for the first time The Independent was selling advertising at a premium to its rate card.

Meanwhile the board of Lonrho, publisher of The Observer, is considering a feasibility study into launching a daily.

The aim would be to use the existing Sunday staff to turn out a national daily which would inevitably compete with the market carved out by The Independent.

It is believed that a positive recommendation went forward to the Lonrho board, but that it has treated the proposal with caution although the project has not been dismissed.

Inhibiting factors include the success of The Independent and doubt over whether the market could be expanded to make room for a sixth national quality newspaper.

Chancellor and Bank Governor are best of friends

By David Lascelles, Banking Editor

MR LAWSON, the Chancellor, and Mr Leigh-Pemberton, the Governor of the Bank of England, are the best of friends and have the highest regard for each other. And that is official.

After last week's bitter public row over the BP issue, the two highest financial officials of the land used last night's Mansion House dinner to express the warmest feelings for each other in their speeches. However careful observers noted that their utterances had an effusiveness not normally associated with heartfelt sentiments.

Mr Lawson opened up the compliments by noting that both he and Mr Leigh-Pemberton were making their fifth appearances at the Mansion House banquet. "The excellent working relationship he and I have built up over that period is one that I value very highly indeed," he said, "and it clearly assumes a special importance during the difficult time through which we are now passing."

Not to be outdone by the warmth of the Chancellor's language, Mr Leigh-Pemberton spoke of the BP sale and said: "In this connection I would like to take this opportunity to congratulate the Chancellor on the wise and effective choice that he made last week to resolve the unprecedented dilemma of having launched the largest ever internationally-underwritten equity issue and then being faced with market more dramatically disturbed than at any time in the present century."

"I would agree with the widespread comment that part of the fall in equity prices constitutes a correction. This carries the implicit criticism that a more rational market might have avoided both the earlier overvaluation and the recent disturbance. In part, however, what happened was the markets' reaction to unresolved tensions in world payments balances, and particularly in the public finances of the United States. While market conditions on the first anniversary of Big Bang were scarcely comfortable, we should not allow that to detract from the achievements of the past 12 months."

Without referring to the public row between the Bank and the Treasury over who deserved the most credit, he said the decision to put a floor under the BP share price was "a wise and effective choice".

CHANCELLOR STRESSES NEED FOR INTERNATIONAL CO-OPERATION TO CALM FINANCIAL CLIMATE

Lawson praises City for weathering storms

ON THIS great annual occasion of the Lord Mayor's dinner for the bankers and merchants of the City of London - and this is now the fifth time I have stood up here as Chancellor - it is customary to say something about the City.

But there are other speeches to come, and I can be brief. Foremost among those other speeches, of course, will be that of the Governor, who will also be playing his fifth innings here in that capacity.

The excellent working relationship he and I have built up over that period is one that I value very highly indeed, and it clearly assumes a special importance during the difficult time through which we are now passing. I am immensely grateful to him.

I would also like to salute the City for the way in which it has comported itself throughout almost three weeks of a financial blizzard which blew in from across the Atlantic, with a ferocity few of us Above all, we are fortunate in this country that the financial storm - if it had to come - has come at a time when the Government has just been granted by the British people - and granted decisively - the strength of a further term of office. I can assure you, my Lord Mayor, that we shall put that strength to good use. have experienced in our lifetime. Throughout that period, the markets have continued trading without disruption, and without even the curtailment of normal trading hours.

And in the midst of it all, the biggest share issue the world has ever seen was able to go ahead, with the London sub-underwriters ready, willing, and able to absorb the stock with relative ease.

I pay tribute to the Association of British Insurers, who, at the height of the BP controversy, declared: "ABI members are quite prepared for the issue to go ahead and they will of course meet the obligations they have undertaken. There is no question of the ABI membership seeking to put pressure on Government to have the BP issue postponed."

And I pay tribute, too, to my fellow-guest, the Chairman of the Stock Exchange, Nicholas Goodison, who with characteristic forthrightness made clear that in his opinion, too, the BP share issue should go ahead.

I may be old-fashioned, but in my judgment, had I bowed to the pressure from some quarters to abandon the issue, which had been fully underwritten and - in London, at least, sub-underwritten too - it would have done irreparable harm to the good name and reputation of the City.

As it is, the City can hold up its head with pride. It has demonstrated to the world, in the clearest possible way,that, so far from being simply a fair weather market, it can handle a storm better than any other financial centre in the world. That said, let me now move on to discuss the wider question of why the world equity market collapse occurred, what its implications may be, and what needs to be done. A movement of this magnitude, of this rapidity, requires a threefold explanation.

That is to say, it requires an explanation in financial market terms, in terms of economic fundamentals, and in political terms. Unless all three elements had been present, I do not believe that the severity of what we have just been through, and the position in which we now find ourselves, could have occurred.

In market terms, it was clear that the longest bull market ever known was bound to come to an end sooner or later.

Over the past five years alone, share prices in both London and New York had trebled *in real terms*, rising far faster than company profitability and creating a growing gap between the return on equities and the return on bonds.

Though few of us foresaw the speed at which the markets would move when the turn came, this was clearly too good to last.

So far as the economic fundamentals are concerned, many of us had been warning, not for months but for years, of the dangers to the world economy inherent in the massive imbalances afflicting the three largest economies.

At the heart of this problem lay the huge budget and current account deficits of the United States, and the resulting dramaticshift from a large creditor position built up over decades to a ballooning domestic and external indebtedness.

But there was also the counterpart of this in the excessive current account surpluses of Japan and Germany.

It was precisely to deal with these world problems that the Finance Ministers of the major industrial nations have intensified their co-operation over the past two or three years.

A major reduction in the dollar exchange rate, coupled with the promise of action to reduce the US budget deficit, was agreed at the Plaza meeting of the G5 in September 1985. And both have taken place.

I have no doubt that this was the right course to pursue. But the correction of imbalances on the scale that had earlier been allowed to arise is bound to take time, and impatience is always liable to set in. Particularly when political doubts - the third dimension of the stock market slide - began to arise.

Doubts about whether the United States, despite their genuine success in 1986-87, had the political will to reduce still further a budget deficit that was still far too large.

Key speakers: Nigel Lawson and Robin Leigh-Pemberton

Doubts, too, about whether the United States had the political will to hold interest rates at whatever level was necessary, not merely to maintain dollar stability, but also to ensure that the deficit, so long as it endured, was soundly financed.

And doubts about whether some other countries would fully accept the implications for their own economies of maintaining currency stability.

It is, indeed, ironic that an apparent unwillingness of the United States to raise interest rates because of an exaggerated fear that this might tip the economy into recession has led to a collapse on Wall Street, whose recessionary threat is very much greater.

Of course, even financial clouds have silver linings.

In the United States, for example, the necessary slowdown in the growth of domestic demand in relation to output - if the trade balance is to improve, as it must - is now likely to be achieved. And without the higher interest rates which would have added to the burdens of the debtor nations.

At the same time, the sudden loss of wealth suffered by the share-owning people of America is likely to cause them to want to save rather more of their income, thus facilitating the financing of the Budget deficit without so much reliance on sceptical foreigners.

All this is welcome.

But the need for the US Budget deficit to continue to fall significantly remains crucial.

As is now widely recognised, the key is that the current talks between the US Administration and Congress should lead to early agreement on a clear and credible package of measures to continue the reduction achieved in 1986-87.

This should go beyond the $23bn to which the President is committed under the new Gramm-Rudman Act, and preferably with at least some increase in some form of taxation as part of that package.

This is essential, not simply because reduction of the US Budget deficit is necessary in economic terms, but also because this has now become the touchstone of whether the United States has the political will to make hard choices and to do what needs to be done.

It will be a key element in rebuilding market confidence.

And if such an agreement is soon reached between the Administration and the Congress, then I believe the other major nations of the world would agree to making it part of a wider international accord involving among other things a reduction in interest rates.

I fully understand - and sympathise with - the hesitations of those who are fearful of risks of inflation. I have many times made it clear in the management of UK monetary policy that I am as conscious as anyone of such risks.

But if interest rates were at the right levels three weeks ago, then it is unlikely that those levels are still right after all that has happened since.

I also fully understand - and share - the view that it is for the United States, where the heart of the problem lies, to give assurance of the necessary steps on the fiscal front before others can confidently make a major move on the monetary front.

Moreover, any wider international accord should not, in my judgement, stop there.

We should also take the opportunity to reaffirm the Louvre agreement, making whatever minor - and I stress the word "minor" -adjustment is necessary in the light of recent events, with the United States in particular committing itself with deeds as well aswords to supporting in the market place whatever is agreed, and if necessary visibly equipping itself with the funds to do so.

Others, too, will have to play their part.

By contrast, a so-called free fall of the dollar would solve nothing: it would merely risk a resurgence of US inflation and ensure a further disruption to world trade.

And the idea that somehow exchange rate stability promoted stockmarket instability, with the corollary that exchange rate instability would promote stock market stability, is manifest poppycock.

Indeed, it was the threat of a breakdown in the Louvre agreement that in part triggered the Wall Street collapse.

I profoundly hope and believe that that threat will not be invoked again. Nothing could be more counterproductive.

As I made clear in my speech to the Annual Meeting of the IMF in September, the system of managed floating that would best serve the needs of the world economy would have as its objective the need "to maintain the maximum stability of key exchange rates, and to manage any changes that may be necessary in an orderly way".

What is needed in the world today, above all, is the avoidance of any major blow to industrial confidence.

It was not the 1929 crash that caused the depression of the 1930s, but the policy response to it: the failure to provide adequate liquidity to the system, leading to a rash of bank failures, which in turn led to further monetary tightening; and of course the lurch into beggar-my-neighbour trade policies.

For our part, I moved at an early stage to reverse half of August's rise in interest rates, not simply because some reduction was appropriate in the changed circumstances, though it was.

But I also felt it right, in the light of what was undoubtedly a shock, to signal clearly that the authorities were sensitive to the dangers that some might understandably fear.

Today I decided it was right to act again and reverse the other half.

As for liquidity, the maintenance of a stable exchange rate for sterling, within the framework of the Louvre agreement, to which we remain committed, has meant a higher level of intervention than used to be the case - most of it, so far, in the direction ofincreasing the reserves.

To prevent there being excessive liquidity in the economy, our policy is to ensure that, over time, any net intervention is sterilised - in other words, fully funded.

And that will be done, as and when appropriate, although not necessarily entirely within the financial year in which the intervention takes place.

In particular, while the funding programme will continue, it would clearly not be sensible in the present delicate market conditions to extract liquidity on a major scale.

Nor, however, should there be any doubt of our commitment to maintain a stable exchange rate, with the rate against the D-Mark being of particular importance.

Thus the Government is playing its full part to bring about a smooth adjustment to the shock caused by the fall in the stock market. There will nonetheless be some very real effects, which it is not within the power of Government to eliminate.

These need not be large, provided business and industry do not lose the confidence that has been built up and that has made such an important contribution

The plain fact is that, as a result of sound policies consistently pursued over a number of years, we are now enjoying the benefits of a virtuous circle. Low inflation, public expenditure under control and sound public finances have led to sustained growth and thus the ability progressively to lower tax rates, which in turn has brought about improved confidence and better business performance.

This is not something that will be blown away by a financial blizzard, however violent it may seem at the time. Nor, although we are influenced by it, are we in Europe inescapably dependent on the fortunes of the US economy, as recent movements in the London stock market might suggest.

City urged not to over-react to collapse of market

THE Governor of the Bank of England advised the City last night not to over-react to the collapse of the stock market, and said that the Bank itself was not tearing up its economic forecasts.

Mr Robin Leigh-Pemberton told the Mansion House dinner that "with appropriate policies, our views on the prospect for the real economy need not undergo too drastic a revision." However, he said yesterday's half point cut in the base rate was "in recognition of developments in financial markets both here and abroad, where the strength of worldwide demand is beginning to be questioned."

Pledging to keep the strains on the financial markets to a minimum during the current crisis, he said the authorities' approach to monetary policy should remain flexible and pragmatic. But recognising fears that too much monetary ease could give rise to renewed fears about inflation, he added: "I can equally assure you that we will not lose sight of our primary long-term objective of stable prices."

The Governor said the basic soundness of the UK economy provided a relatively firm base from which to confront the uncertainties created by the market crash, which was bound to

'The perception that a market storm has devastated the ability of companies to conduct their business or to invest seems to me misplaced'

prompt some downward shading in projected growth of world demand, particularly in the US.

But he was convinced that the response of the major monetary authorities in quickly supplying liquidity to the system was correct, even though this might in different circumstances spark off inflation fears. Fiscal adjustment would take longer to come about he said, referring to the need to reduce the US budget deficit. However, the Governor advised the financial marketsto be cautious in their judgment of any cut in the deficit because a change in US growth prospects was bound to affect the size of the deficit too.

In the UK, he predicted that the effects of the stock market fall on the growth of consumption would not be all that great. He was more worried that the crash would affect the recovery of industrial investment which is central to sustaining non-inflationary growth, though he predicted that both company profits and balance sheets should remain strong.

"I see little reason to shade down much our expectations for next year," he said, "and our own forecast for the growth of the non-oil economy is very close to the 3 per cent published yesterday by the Treasury." Mr Leigh-Pemberton went on: "The perception that a market storm has devastated the ability of companies to conduct their business or to invest seems to me misplaced."

He blamed the market crash partly on a correction in equity prices and partly on "unresolved tensions in world payments balances, and particularly in the public finances of the US."

The market shocks should not detract from the achievements of the Big Bang, now more than a year old. This event had led to an improvement in the efficiency and liquidity of markets, and had strengthened the position of UK houses in the world markets. Although settlement systems in the City still needed improving, the new stock quotation system had worked well and enabled the market to react much more quickly than before. This did, however, sharpen price movements and may have contributed to the exceptionally large fall suffered by the UK market compared to others.

Steps had also been taken to create a new regulatory structure to the markets, and Mr Leigh-Pemberton believed these had now reached the stage where practitioners could be more closely involved in producing a better balance between the interests of professional markets and small investors.

The Governor also took the opportunity of the dinner to offer public congratulations to Mr Lawson, the Chancellor, on his handling of last week's BP issue. Without referring to the public row between the Bank and the Treasury over who deserved the more credit, he said the decision to put a floor under the BP share price was "a wise and effective choice".

David Lascelles

Lloyd's chief warns against over-regulation

By Nick Bunker

FOREIGN CLIENTS of the Lloyd's of London insurance market fear that increasing regulation could damage its flexibility in responding to their needs, Mr Peter Miller, chairman of Lloyd's, said at the Mansion House dinner.

He had been told recently by a very large US insurance broker that for the first time in many years it was placing more of its business with a big American insurance company than with Lloyd's. "I urge all those who have not only Lloyd's good but also the wider City good at heart to take heed that we do not strangle the wealth-producing abilities of the City by over-regulation," Mr Miller said.

Mr Miller said he feared that "good ideas" could easily be pressed too far. An example was the fundamental issue of disclosure of information about market affairs. The weapon of dislosure had been "a powerful tool" in eradicating practices at Lloyd's that were inimical to good business.

But he said there was now a danger of so much information being published that its very bulk amounted to disinformation.

Mr Miller said that foreign clients of Lloyd's often asked what impact Big Bang and the stock market crash had on Lloyd's. "The answer is plain and lies in the fact that the City is not and never has been a homogeneous unit but rather a place where very different skills are practised, and therefore, Big Bang and even the stock market crash is largely irrelevant to Lloyd's," he said.

'Loss of confidence in leaders'

BY CLIVE WOLMAN

SIR Nicholas Goodison, chairman of the Stock Exchange, said at the Mansion House dinner last night that the fall in share prices over the last three weeks demonstrated "a massive loss of confidence in the judgement of the world's political leaders".

The stock markets' fall, he said, "not only increases the cost of new risk capital, it virtually closes down the supply. I therefore warmly support the Chancellor's views on the need for political action at the highest level in the US, Japan and German to cure the imbalances in the world's financial system."

The Stock Exchange and its members had coped successfully with the turbulence of the last three weeks, he said. "The London stock market has remained open all the time. It has dealt with an enormous volume of customers' business in UK securities, including a very large number of small buyers. Turnover in foreign equities has broken all records." Sir Nicholas added that the settlement of the record number of bargains was also proceeding smoothly, despite the large backlog of unsettled bargains which accumulated

He also called on the Chancellor, Mr Nigel Lawson, to tackle the obstacles to wider share ownership in his next Budget in the spring. "The biggest impediment is still the tax system," he said. "If we cannot have positive fiscal incentives for new share ownership, we need at least fiscal neutrality between different types of saving."

In 1976, Sir Nicholas said, when he first spoke at the bankers' dinner, "industry, commerce and the financial markets which served them were suffering the oppressions of one of the most socialised economies in the western world."

But today, he said, after 40 years of decline, Britain had become a business-like and entrepreneurial country.

A base rate decision had been expected only after Mr Lawson's speech to bankers, writes **Philip Stephens**

Running out of patience

"I WILL obviously watch the situation very carefully and whenever it is right to reduce interest rates I will do so. But I think it is unwise to be impatient", Mr Nigel Lawson, the Chancellor, told breakfast-time radio listeners yesterday morning.

Just six hours later, with the FTSE index another 80 points lower and partly-paid BP shares falling towards the Bank of England's 70p floor buying-in price, Mr Lawson obviously ran out of patience himself. A half-point cut in base rates to 9 per cent was ordered despite the Bank's earlier resistance to market pressure for such a reduction.

The official explanations - sterling was rising sharply against other major currencies and the renewed stock market fall represented a further tightening of monetary policy - were clearly plausible and consistent.

A cut in borrowing costs has been under almost constant discussion within the Treasury since the last half-point reduction just under two weeks ago. Official suggestions that any such move had to be linked to concerted action by other industrial nations were always a red herring.

Tuesday's figures showing a record jump of $6.7bn in Britain's foriegn exchange reserves last month underlined the massive scale of intervention needed to hold down sterling's value below DM3.00 against the West German currency.

The official view clearly was that such intervention could not be sustained indefinitely. Either the pound had to be allowed to rise above DM3.00 - with the consequent damage to industrial confidence - or borrowing costs had to fall. Meanwhile the dollar's slide had pushed up sterling's value against the US currency by around 7 per cent in scarcely more than a week.

In parallel, the continuing slide in the equity market - it had fallen by more than 10 per cent since the last base rate cut - was causing concern about a renewed squeeze on the liquidity of London's financial markets. This week's stock exchange settlement day passed off without any significant problems, but confidence that London can continue to escape without some serious failures is obviously fragile.

Yesterday's timing, however, underlined the extent to which interest rate policy has become an instrument of crisis management. The sober assessments of all the indicators of "monetary conditions" which are traditionally supposed to precede any base rate move hardly look relevant at times when share prices can fall by 5 per cent in a matter of hours.

The decision to cuts rates anyway was not taken until around lunchtime. In its morning dealings in the money markets the Bank had signalled that the markets would have to wait until after Mr Lawson's speech at the Mansion House last night.

In the event Mr Lawson's address also contained a further note of reassurance. By introducing flexibility into the timescale over which the Bank will seek to offset the expansionary impact on the money supply of currency intervention, he gave a further assurance that the authorities will help to maintain liquidity in financial markets.

Lower interest rates, however, may not be without their problems. In his Autumn Statement on the economy on Tuesday, Mr Lawson said that if anything Britain's inflation rate is likely to edge up slightly next year, even allowing for the deflationary impact of the stock market collapse.

At the same time he acknowledged that growth in the narrow measure of the money supply is likely to accelerate. Bank credit is rising so fast that it is hard to keep up with the numbers.

Against that background the second cut in interest rates within two weeks hardly looks likely to underpin confidence in the Government's commitment to its anti-inflation strategy.

UK NEWS

Hitachi plans air conditioning plant in Europe

BY NICK GARNETT

HITACHI is considering setting up a plant in Europe to produce air conditioning equipment.

The company has given no indication where it might build the plant, but the UK is the company's biggest market in Europe for this type of equipment.

Japanese companies have been making inroads into the highly competitive European market at the expense of US companies and indigenous producers. Daikin already has an assembly operation at Ostende, Belgium.

However, the Japanese thrust has been largely confined to the UK and France. Sales of Japanese equipment in West Germany and Italy are negligible.

Japanese companies say one of the reasons for the lack of penetration in West Germany is the need to comply with local criteria for certain types of components such as heat exchangers.

Mr Roger Parkes, managing director of Climate Equipment, the Solihull-based sole UK importer of Hitachi air conditioners, said other Japanese companies would be looking to set up European facilities.

The air conditioning equipment industry believes the Japanese would continue to receive major components, such as compressors, from Japan. However, heat exchangers and controls might be purchased locally.

This could help Japanese companies win approval in European markets which have been virtually closed to them.

The strength of the yen is also another factor. This has hit margins on equipment imported from Japan.

Warning on housing association move

BY ANDREW TAYLOR

GOVERNMENT proposals to use private money to fund voluntary housing associations would lead to a greater exposure of risk, says Coopers & Lybrand, Britain's second-largest accounting firm.

Coopers, in a response to the housing white paper issued at the end of September, says many housing associations have no experience of commercial risks involved in raising private finance.

It says management and accounting techniques and procedures of housing associations, and of the Housing Corporation which administers grants to the associations, would need to be tightened if plans were to succeed.

The white paper proposes that associations, which will be expected to raise a growing part of funds from the private sector, should play a more prominent role in providing rented housing for people either too poor or unable to buy their own homes.

It is proposed that the local authorities' role as leading providers of rented homes be cut as housing associations and the private sector increase their share of the rented market.

Coopers says the present grants system, introduced in 1974 - which provides between 90 per cent and 100 per cent of housing-association building costs - has to a large extent insulated associations from the commercial risks in property development.

It says: "Although some associations have entered into new initiatives involving private funding, the majority have either not undertaken developments of this type or have been supported by guarantees from local authorities which have effectively borne the risks connected with privately financed schemes."

The white paper proposes that developers, rather than local authorities, should bear the greater proportion of risk of raising money from the private sector.

Coopers says one safeguard would be for the Government to strengthen audit procedures for housing associations. It says the Housing Corporation might regularly review audit arrangements and appointments.

Laws could be introduced to require auditors to consider the adequacy of management controls of cashflows and budgetary matters.

The Housing Corporation could also assist in training voluntary committee members of housing associations, many of which will have had no experience of housebuilding and housing finance, says Coopers.

Damages for Heron chief

FINANCIAL TIMES REPORTER

MR GERALD RONSON, chairman of Heron International, yesterday won undisclosed libel damages, described as substantial, for a newspaper article which had alleged that payments made by Guinness to subsidiaries of the Heron Group were passed to a US company.

Mr Ronson, who faces charges arising from the Guinness takeover bid for Distillers last year, had sued The Daily Telegraph, its editor Mr Max Hastings and reporter Ms Tessa Curtis, complaining about a Telegraph article published a fortnight ago.

The damages are to go to a charity of Mr Ronson's choice.

LAW AND SOCIETY

A burden of reason and fear

By A. H. Hermann, Legal Correspondent

THE GREAT machinery of West German justice quivers and creaks under the burden of ever increasing civil litigation. The nineteenth century concept of a perfectly rational *Rechtstaat* (rule of law) and the more recent experience that obedience to "properly" established, but essentially wicked, laws and executive decisions may open the gates to hell on earth, in Germany add to the overworking of law which is a feature of industrial society. Far too many disputes are being brought into courts from whose decisions as many as four appeals are sometimes possible.

The federal Minister of Justice, Hans Engelhard, fears that the flood of litigation might clog the courts and prevent their proper functioning. He has initiated a wide-ranging review of civil justice. His objectives are: more easily understood statutes, a greater number of out-of-court settlements and fewer appeals.

By 1980, the number of civil actions reached 1.57m and since then has risen by another by 27 per cent. At the same time, the number of appeals has increased by 32 per cent. The rise in litigation has been accompanied by a corresponding increase in the number of attorneys from 36,000 in 1980 to 50,000 at present. However, budgetary restraints have kept the increase in the number of judges to a much slower pace. Between 1980 and 1985, the number of trial judges rose by 7 per cent and appeal judges by only 2.3 per cent.

The West German system of courts can be visualised as several pyramids, ensuring both decentralisation of courts and their far-reaching specialisation. The backbone of the system is the pyramid of ordinary civil courts starting with district courts *(Amtsgericht)*, dealing with disputes of minor value or importance. The next step is regional courts *(Landsgericht)* from which cases can go to an appeal court *(Oberlandsgericht)* in each Land. A further appeal *(Revision)* can go to the Federal Supreme Court *(Bundesgerichtshof)*.

In addition to this regular system of appeals, each court or individual can turn to a regional constitutional court or to the Federal Constitutional Court *(Bundesverfassungsgericht)* with a complaint that either the statute applied in the particular case or the decision *itself* is incompatible with the Fundamental Law - the German bill of rights.

In this way the ordinary courts of the individual Lands are integrated into a single system, of which the federal courts form the apex. The same applies to parallel hierarchies of specialised courts, each topped with a federal court as the court of last appeal - except, of course, for the possibility of complaining to the Federal Constitutional Court.

Such specialised courts exist for business disputes, for review of administrative decisions, for appeals against taxes and customs duties, employment disputes and social security claims. Competition matters are dealt with by special benches established in a number of civil courts. The most prominent of these is the Competition Bench of the Berlin *Kammergericht* to which go all appeals against the decisions of the Federal Cartel Office, located in the same city.

A single judge sits only in the lowest level of courts - the district courts. In higher regional courts, a bench of three judges is the rule and larger benches decide appeals in the federal courts. A reduction in the number of judges deciding appeals is seen by the Ministry of Justice as a way of alleviating the present difficulties.

Anyone who has used West German roads will know that the German drivers have no great understanding of another's mistakes or confusion. As long as they have the right of way, they do not mind being killed in order to assert it. The same spirit leads to a certain over-emphasis of rights in other matters and, consequently, to legalistic attitudes and certain litigiousness. Such attitudes may originate from a belief in the rationality and exhaustiveness of the great 19th century codes, the civil code, the commercial code, the criminal code and the two sets of rules of the civil and criminal process. Emanating from the legal and philosophical concepts of pre-industrial society, these codes were out of date by the end of the 19th Century.

They were updated by several layers of legislation, gradually shifting emphasis from the freedom to contract towards the protection of the weaker parties, such as consumers or employees. What remains, however, is the logical system of the original codes which makes it much easier to find what the law is.

To a certain extent, the German public seems still to believe in the rational determination of law - a belief which inspired the lawyers who drafted the Code Napoleon and the great codes of central Europe which followed. There is also a certain element of historicism in this approach, tending to protect the inherited legal system against contemporary "distortions".

Against these popular notions, modern German jurisprudence emphasises that, in an industrial society, law is necessarily a product of compromise between the conflicting interests of major groups. From this, it is only a short step to the recognition that litigation can only rarely, if at all, lead to an absolute justice, and that a settlement by negotiation or conciliation may be the better way. Such legal theory is, of course, also much more convenient to a minister of justice operating under budgetary constraints.

However, this legacy of the age of enlightenment is not the only historical factor aggravating the present burden on German courts; the memory of the horrific abuse of the legal system during the Nazi period also plays an important role. When Hitler took over in 1933, the Minister of Justice and the President of the Supreme Court remained in office and served the Fuehrer until their death. Very little was changed at the top of the German judicial service before 1942. In the words of Dr Hans-Jochen Vogel, a former minister of justice, "the history of German justice in the Third Reich is the history of an institution which failed to resist and, step by step, sunk to a role of accomplice and executioner of an *Unrechtsstaat* (the unjust state) transgressing all fundamental rules and values of human coexistence."

The defeat of 1945 and the Nuremberg trial shattered the easy positivism which helped judges to silence their own conscience and to claim that they were bound to observe any duly promulgated statute, or at least that national interest, as defined by Hitler, sanctified the employment of evil means. Though some knew it all the time, by 1945 it dawned on the rest that legality works only as long as the government is in decent hands. If it falls into evil hands, only belief in higher values can save the administration of justice.

In practical terms this led to the adoption of the Fundamental Law, now such an important source of overriding rules which have to be respected by courts, government and parliament alike.

The application of these rules goes beyond simple, individual human rights, also in effect protecting entire groups of people considered vulnerable. It even goes beyond the limits of a free market economy which, as the German Constitutional Court recognised, is only one of the possible social structures satisfying the requirements of the Fundamental Law.

These are, no doubt, welcome and most admirable principles but one of their *less* welcome consequences is a further opportunity for litigation and appeals. In an effort to curb this, Mr Engelhard asks attorneys to advise their clients against litigation whenever settlement or another resolution of the dispute appears possible. The way German attorneys are paid already puts a premium on settlement, for which they receive separate renumeration. It *is* also the duty of German judges to influence parties towards reaching a settlement.

The Government will now seek to give further incentives to avoid litigation. At the same time, the review of civil justice will also aim to streamline procedure and assist both judges and court administrators with a wider deployment of electronic information systems.

The great pyramid of German courts, with well over 10,000 career judges, could not be more different than the judicial system of the UK. The causes of its present overload also seem to be different - but the solutions offered do have a familiar sound.

Liberals press Steel over new party leadership

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

MR DAVID STEEL, the Liberal leader, yesterday acknowledged that he is coming under mounting pressure to decide whether he intends to stand for the leadership of a merged party if current talks with the SDP succeed.

His remarks came on the same day that Dr David Owen, the former SDP leader, stressed that he and his followers had no wish to stop those who wanted to merge but that the continuation of the SDP "was a matter of conviction".

Dr Owen pledged that the SDP "will not die and, therefore, a fourth national political party will remain operating in British politics". He said that those who remained with the SDP were not going to abandon their commitment to working with other political parties or be "tempted into family feuds" and that was why they had stood aside from merger negotiations.

His comments will do little to calm mounting anger among the pro-merger faction of the SDP over what it regards as increasingly blatant attempts by the Owenite wing of the party to undermine the merger plan while negotiations are still in progress. SDP negotiators claim they have fresh evidence to show that efforts to run a "party within a party" are being stepped up.

Mr Steel was speaking the day after the latest round of negotiations between the two parties, which accepted SDP demands that a policy prospectus should be included in any merger package put to their respective memberships.

The Liberal leader, who said he had been thinking about his political future while on his recent trip to the United States, indicated that he hoped to make his decision early in the new year. He said he was "getting the message" that his Liberal colleagues would like to know his intentions by then.

He stressed that the decision was likely to prove a difficult one both personally and politically but that he appreciated that he had to come to a conclusion before long.


David Steel: leadership decision 'early in new year'

The joint negotiating teams have not yet discussed the mechanics for a leadership election and a sub-group is considering the issue, along with transitional arrangements to cover the merger period. It is expected to report in the next two or three weeks, when an election timetable might begin to emerge.

If a nomination day for leadership contestants is fixed in advance of the party launch - pencilled in for late March or early April - and Mr Steel is the only contestant, then he could be leader by the time the new party is created.

Whether there is to be a contest will become more clear when Mr Steel makes known his own intentions but the common view is that the new party should not exist for too long before a single leader is in place.

Mr Robert Maclennan, the SDP leader, has not ruled himself out of any election contest and has made it known that he believes a fresh face would be preferable to that of Mr Steel. He is not thought to object to the idea that the two party leaders remain in place for a short, interim period in order to enforce their respective parties' imprint publicly on the new party.

John Hunt analyses what promises to be a testing session for all sides in the Upper House

Their lordships brace themselves for deluge

THAT arch loyalist, Viscount Whitelaw, Leader of the Lords, caused eyebrows to be raised at the Tory Party conference last month when he warned that the weight of controversial government legislation could cause problems in the Upper House in the coming months.

Although his frank assessment must have been unpalatable to Mrs Thatcher, he was merely being pragmatic when he said that it was inevitable that the Government of the day should be defeated from time to time on major bills in the Lords.

His caution has certainly been confirmed by the difficult passage of the huge Criminal Justice Bill which has been mauled by peers on both sides of the House during its committee stage in recent days.

The skills of Lord Whitelaw and his able lieutenant, Lord "Bertie" Denham, the Government Chief Whip, will be tested even further when the major items in the Government's election manifesto - the introduction of the poll tax, the sweeping changes to the education system and reform of the housing market - find their way to the Lords.

Before this legislative avalanche descends, the Lords will have to consider the Copyright, Designs and Patents Bill, Legal Aid Bill, Merchant Shipping Bill and the Farmland and Rural Development Bill.

It is a radically changed House since the general election. The formidable Lord Mackay of Clashfern is the new Lord Chancellor and will make his weight felt in some debates. Many senior politicians who left the Commons at the general election have been given life peerages. Most will not be working peers attending the House regularly and serving on committees. But they will intervene on big occasions and make speeches on subjects which interest them.

The second chamber does not operate like the Commons, where there are firm rules of order and government backbench MPs can be kept in line by the stick and carrot of disciplinary threats from the whips and the offer of patronage.

There is not an automatic Conservative majority and if Labour, Liberals, Social Democrats, cross-benchers, the bishops and some Conservatives gang up on a particular topic the Government can be defeated.

To some extent the Government is helped by the self-denying ordinance under which peers do not vote against a second reading of a bill which has been in the election manifesto.

Nevertheless, as Lord Cledwyn, the Labour Leader in the Lords, points out with relish, the Opposition can still change legislation during the committee stage although it is not the convention to put down wrecking amendments or to filibuster.

"It still leaves us a lot of scope," says Lord Cledwyn. "It is our duty to improve bills in the interests of the general public and you can rest assured that we will carry out that duty."


Lord Whitelaw: frank assessment from 'arch loyalist'

He maintains that the Government has already severely overloaded the legislative programme and is trying to cram all of its main election commitments into the first year of the new parliament.

"I fear we face an extremely heavy and difficult session," he says ruefully.

But Lord Denham, as befits a chief whip, is ever optimistic. He says that the present workload is no heavier than in previous years and that it is evenly distributed between the Lords and Commons.

He dismisses gloomy predictions which always come at the start of a session and says that although amendments are always likely, the Government will get its bills through - "we always do."

Is the Government team in the Lords in good shape to deal with the challenge? Privately Labour and Liberal peers assert that it is not. They refer to the young hereditary peers on the Government front bench as "the boy scouts" or "Maggie's yuppies" - a charge strongly denied by Lord Denham.

But the appoinment of Lord Mackay was partly influenced by the need for him to play a leading role on the Criminal Justice Bill where Lord Caithness, aged 39, the 20th Earl, who is Minister of State at the Home Office, was running into difficulties.

Recently Lord Whitelaw had to intervene at Question Time to help out Lord Beaverbrook, aged 35, who answers for trade and industry, employment and the Treasury. The young third baron was having a tough time answering a question about government assistance to a trade delegation to South Africa.

It is also suggested that Mrs Thatcher may find Lord Mackay a very independent-minded Lord Chancellor. One Opposition peer says that he definitely does not fulfil her criteria of being "one of us" and that she may find she has "a tiger by the tail".

There is also the intriguing question of the new "wet" Tory peers - former Cabinet ministers such as Lord Pym (Mr Francis Pym) and Lord Prior (Mr James Prior) - and the extent to which they will criticise government policies.

The feeling is that Lord Pym will certainly not hesitate to speak out on controversial legislation. The possibility of him clashing with another newcomer, Lord Joseph (Sir Keith Joseph), one of Mrs Thatcher's leading ideologues, is being watched with interest.

In addition there are new Tory peers such as Lord Rippon of Hexham (Mr Geoffrey Rippon) and Lord St John of Fawsley (Mr Norman St John-Stevas) who could make life difficult for the Government by taking a very independent line.

The influx of former leading House of Commons personalities on the Labour benches will also have an impact. The most notable Labour figure will be Sir James Callaghan, the former Prime Minister, who takes his seat later this month. Others include Lord Dormand of Easington (Jack Dormand, former chairman of the Parliamentary Labour Party), Lord Mason of Barnsley (Roy Mason), Lord Jay (Mr Douglas Jay), Lord Cocks (Mr Michael Cocks) and Dame Judith Hart.

The Liberals have Lord Ross of Newport (former MP for the Isle of Wight). Erudition, authority and wit will be added to the Social Democrat benches by the elevation of Mr Roy Jenkins, founding father of the SDP. So far the split in the SDP has had little impact among Social Democratic peers. But further developments are awaited


Lord Cledwyn: 'overwhelming' case for commission

Inquiry on future of Lords advocated

By John Hunt

A CALL for a high-ranking commission to examine the future of the House of Lords will be made tonight by Lord Cledwyn, Labour Leader in the Lords, on the BBC Radio 4 programme, Analysis.

"You can't go on in this way," he says. "I think there is an overwhelming case for setting up a commission for looking at the House of Lords as it performs its duties today."

Lord Whitelaw, Leader of the Lords, says in the programme that there could come a time when the House would "explode" because of the large number of peers. He believes there could be a case for electing from the existing hereditary peers a limited number who want to come regularly to the House.

The programme claims that a reform plan was put to a secret Cabinet committee by Baroness Young when she was Leader of the House in 1981-1982. She is said to have suggested that senior ministers in the Lords should have the right to address the Commons in person on special occasions.

Meanwhile, peers are to give further consideration to streamlining their procedures to allow more time to cope with government legislation. Yesterday the House debated the report of an all-party group of peers on the reform of its procedures in the light of the "unprecendented pressures of legislative work" last session.

Lord Whitelaw suggested that the report should go to the Lords' Procedure Committee and said that he would be submitting a paper to the committee taking into account the views in yesterday's debate. Peers would then consider the committee's recommendations for changes, if any.

Lord Aberdare, convener of the all-party group, fully endorsed the report's rejection of suggestions that the Lords should have a Speaker with controlling powers similar to the House of Commons. The Lords have their own form of self-regulation.

He said that despite the pressure of business the House had not lost its traditional character and had successfuly adapted to meet changing circumstances. Therefore there should not be any fundamental changes in response to "external pressures".

There had been strong support for the view that statements by ministers in the Commons should not automatically be repeated in the Lords but should be printed in Hansard, the official record of proceedings.

Speaker to 'reflect' on disclosure

By Tom Lynch

MR BERNARD WEATHERILL, the Speaker of the Commons, yesterday promised to "reflect" on how much he could disclose to the House about the committee of senior MPs - many from party whips' offices - who advise him on security matters.

However, challenged by Mr Tony Benn (Lab, Chesterfield) and Mr Tam Dalyell (Lab, Linlithgow), he insisted that the committee was not responsible for the security vetting of MPs or their staff.

Mr Benn told MPs: "I understand that, for some time unknown to the House, an unofficial security committee of members of both sides has been meeting to consider vetting." He demanded to be told who set it up, the extent of its authority, what recommendations it had made and who was on it.

He said this information should be disclosed before the debate on the withdrawal, apparently on security advice, of the security pass of a Labour MP's research assistant. "There has never been a committee of the House whose membership and operation are unknown to the House."

However, Mr Weatherill told him it was "no secret" that an advisory committee on security had been in existence since at least 1975.

The Speaker insisted that the committee was purely advisory to the Speaker, who has overall responsibility for security within the precincts of parliament. He said: "I will reflect on how much I can say on it."

● In August 1975, Mr Selwyn Lloyd, the then Speaker, announced the setting up of the committee and in October he named Mr Weatherill as one of its founding members.

Row looms over Labour's CND nominees

BY OUR POLITICAL CORRESPONDENT

A COMMONS row now looks certain following Labour's decision to nominate two members of the Campaign for Nuclear Disarmament to the important defence select committee.

Mr Derek Foster, Labour's chief whip, yesterday presented Labour's nominations for 14 select committees to the Committee of Selection, which will now submit them to the Commons for approval.

The party has not yet made any recommendations for the Scottish affairs committee, membership of which is at the heart of a continuing argument with the Government.

The inclusion of two CND members on the defence committee has already provoked complaints from Tory backbenchers, who claim the two MPs could represent a threat to national security and deprive the committee of access to sensitive documents.

Objections now seem inevitable when the nominations come before the Commons and there will have to be a debate, although with government whips having no objection to the inclusion of CND members, they are expected to be voted through.

Labour has dropped Dr John Gilbert (Dudley East) as a member of the defence committee following his outspoken criticism of the party's non-nuclear defence stance and instead nominated Mr John McWilliam (Blaydon) and Mr John Evans (St Helens North).

A spokesman for CND said last night, however, that the organisation was disappointed by the nominations, as the two men in question had not, like some other Labour MPs, been among its most active supporters.

Despite suggestions that the other two previous members of the committee, Mr Dick Douglas (Dunfermline West) and Mr Bruce George (Walsall South), might resign from the committee in protest at the sacking of Dr Gilbert, both men intend to remain on the committee.

Dr Gilbert was nominated for the social services committee but rejected the suggestion and is expected to sit on the trade and industry committee.

Efforts by government whips to finalise the size and composition of the Scottish affairs committees have so far failed. With its representation in Scotland down to 10 MPs, some of whom do not want to serve on the committee, the Government wants to reduce the committee from 13 members to nine but still cannot find five MPs to give it a majority.

Pressure is still being applied to the reluctant Scottish MPs and whips have considered drafting in English MPs to make up the numbers, something Labour will not accept.

The other alternative is to abandon attempts to establish the committee, which some Tory MPs believe would conveniently remove a prime source of difficulties for the Government in the coming months.

Labour MPs back plan of attack on Scottish policy

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

LABOUR MPs yesterday pledged their full support for Opposition plans to mount a sustained Commons campaign to drive home its electoral strength in Scotland.

Mr Donald Dewar, the shadow Scottish Secretary, told a well-attended meeting of the Parliamentary Labour Party that the intention was to mount "a controlled and efficient" attack on the Government during the present session.

At the last election, the number of Tory MPs in Scotland fell to 10 while Labour returned 50 MPs to Westminster, a result which has provoked Labour claims that the Government has no mandate north of the border. The Opposition has already forced one Scottish debate to run into the night, leading to a reorganisation of Commons business.

Mr Dewar said Labour was determined to maintain a campaign which kept ministers under pressure and which also marginalised the smaller parties in Scotland. He said the plan did not represent fillibustering and Labour intended to ensure that all the time allocated to Scottish affairs was used legitimately.

He pledged that Labour would not be prepared to engage in any "comfortable deals" designed to simplify life for ministers. In particular, the party would maintain an all-out attack on the plans for a community charge in Scotland and on government proposals for housing and education.

Mr Dewar called on all Labour MPs to lend their full support for Labour's call for a Scottish assembly and to the bill which is to be introduced by the Scottish parliamentary group.

● Labour MPs yesterday voted in favour of a compulsory, annual levy to help boost party funds. They have previously made a voluntary contribution equivalent to 1 per cent of their parliamentary salary.

Warning shot over development agencies

BY IVOR OWEN

LABOUR-CONTROLLED local authorities were given a hint to adopt a more co-operative attitude towards the development corporations established by the Government to regenerate run-down inner city areas in the Commons last night.

What amounted to a "proceed with caution" signal was dispatched by Mr Roland Boyes, a frontbench spokesman on the environment, when he tacitly recognised the need for Labour authorities to seek to establish a more harmonious relationship with the London Docklands Development Corporation and the Merseyside Development Corporation in the intervening period before the next general election.

Despite pressure from Mr Simon Hughes (Lib, Southwark and Bermondsey) who highlighted the "significant opportunities" which had been missed by the Labour-controlled Southwark council because of its hostility to the Docklands Development Corporation, Mr Boyes refused to offer more specific encouragement.

Mr Hughes suggested that in the light of the views he had expressed Mr Boyes should advise the Southwark councillors to reverse the policy they had adopted for the last six years and work with the officers and members of the Docklands Development Corporation even though, like himself, they had opposed its establishment in the first place.

Mr Boyes stressed his strong objection to the Government's use of the development corporations to override local democracy and insisted: "I will not send any messages of the type Mr Hughes wants me to."

There was derisive laughter from the government benches when Mr Boyes explained that Labour's position was to work with urban development corporations up to the time of the next general election when their role would be reviewed by Labour ministers against "predetermined criteria".

Mr Peter Shore (Lab, Bethnal Green and Stepney) emphasised the bitterness felt by his constituents in the London borough of Tower Hamlets over being "deprived and cheated" of land earmarked for homes which would have removed them from squalid conditions and used by the Docklands Development Corporation for expensive properties

He called on the Government to look again at the policies of the development corporations towards neighbouring local authorities with the aim of making it possible for homes to be built in the areas concerned which were available at rents people such as those in the London docklands area could afford.

Mr David Trippier, Undersecretary for the Environment, praised the work of the Docklands Development Corporation which, after only six years, had made the area a "focus for growth".

He moved the second reading of the Urban Development Corporations (Financial Limits) Bill, which seeks to authorise more flexible borrowing arrangements for the seven urban development corporations

OPPOSITION MPs jeered and shouted in the Commons as a Tory blamed low-calibre Labour councillors who could not "string two sentences together," for blocking attempts to revive industry in the North.

Richard Holt, MP for Langbaurgh, was called to order by MR Harald Walker (deputy Speaker) when he said that "poor" quality councillors and council officers in the north-east prompted industrialists to take their business elsewhere.

Ridley blames Germans over North Sea pollution

BY TOM LYNCH

MR NICHOLAS RIDLEY, the Environment Secretary, yesterday said West Germany bore a disproportionate share of the blame for pollution in the North Sea.

Pressed by Labour MPs at Question Time to improve the UK's performance on sea pollution, Mr Ridley accused them of pointing the finger of blame in the wrong direction, and produced a series of statistics showing the German record on pollution in an unfavourable light.

He said the UK produced 2 per cent of the toxic waste incinerated in the North Sea, while more than half of it originated in West Germany. Of heavy metals discharged from rivers into the North Sea, 43 per cent came from the Rhine - most of it originating in West Germany.

Mr Ridley said Britain was responsible for only 1-3 per cent of heavy metal pollution from sewage dumping. "The UK is one of the cleaner countries in relation to the North Sea. I have a full programme of trying to get the other countries to come into line with us."

Mr Archy Kirkwood, for the Liberals, attacked as "mindless nautical vandalism" recent attempts to burn toxic waste in the North Sea and called for a United Nations regional sea programme - such as had been set up in the Caribbean and Mediterranean.

For the Opposition, Mr Allan Roberts said the UK was "one of the worst polluters" of the North Sea. Britain had dumped 2m tons of solid industrial waste last year and was the only nation still dumping sewage sludge.

● Nirex, the nuclear waste executive, will publish a discussion document next Thursday on its strategy for dealing with waste dumping, Mr Ridley said. He assured MPs it would not name potential dumping sites.

THE GOVERNMENT may start setting up the National Rivers Authority, which will be responsible for river basin management after water privatisation, before the privatisation paving bill passes through parliament, Mr Nicholas Ridley, the Environment Secreatry, hinted at Question Time yesterday.

Poll tax allegation denied

ACCUSATIONS THAT the community charge is intended to deter poor people from voting were brushed aside by Mr Michael Howard, the Local Government Minister, at Question Time in the Commons yesterday.

Ms Diane Abbott (Lab, Hackney North and Stoke Newington) said the poll tax would force many of the poorest people not to register to vote. "Is that an intentional or unintentional effect of the scheme?"

Mr Howard told Ms Abbott there was "no intention or effect in terms of the electoral register."

Mrs Ann Winterton (C, Congleton) asked for an assurance that the new nationally-determined uniform business rate would be pitched at a low level

TECHNOLOGY

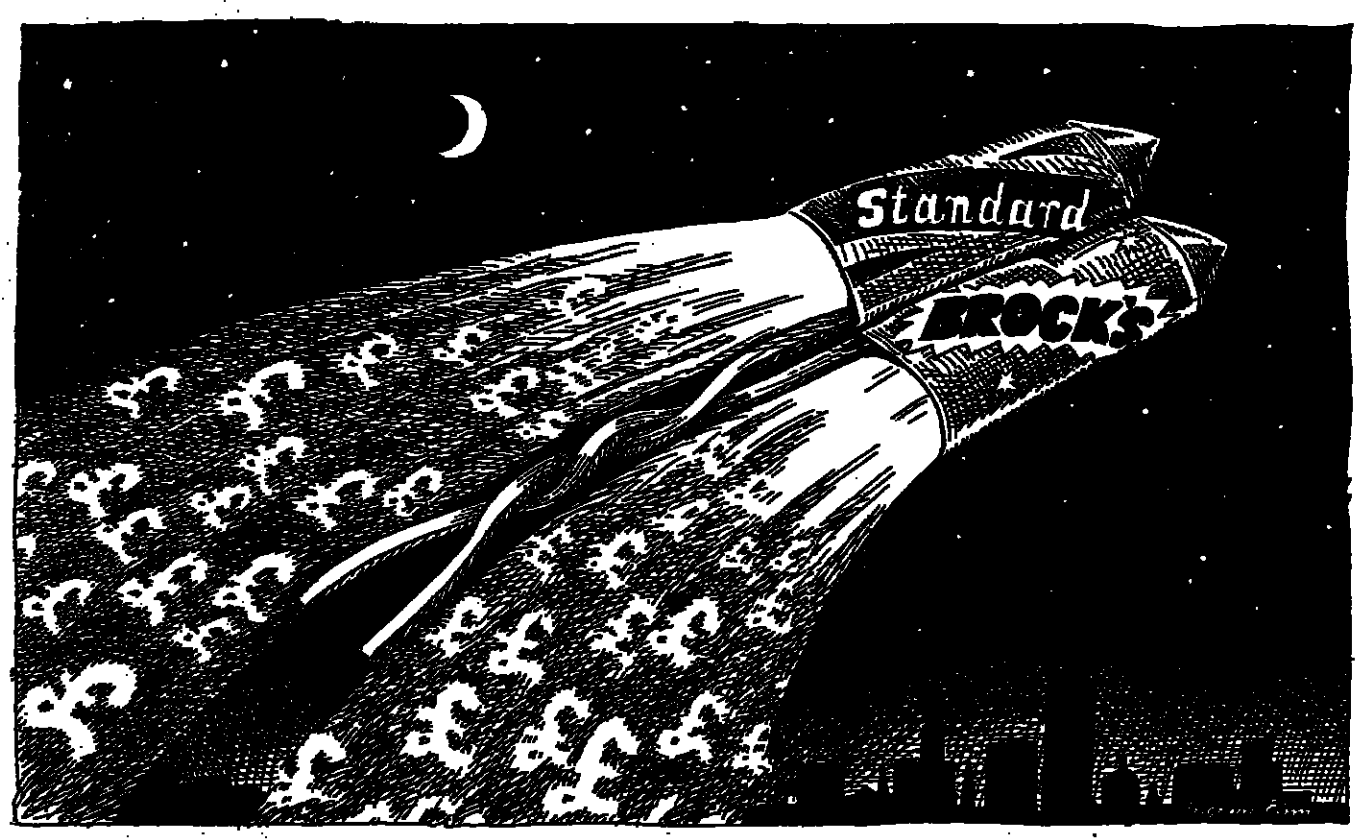
Gunpowder plotters at work in Dumfriesshire

Mike Smith explains how Standard Brock, Europe's largest maker of fireworks, has set about transforming its design and production methods

There is a slightly uncomfortable look about Ed McGrath, managing director of firework company Standard Brock. The Catherine Wheel he is demonstrating has popped more and lasted for less time than he would have liked.

Although quick to point out that the firework was not a failure, he admits with a nervous smile that it was "not one of our better efforts."

Then McGrath lets out a more confident laugh; he can probably afford it. By this time next year Standard expects to be selling a type of Catherine Wheel which is both more predictable in its behaviour and cheaper to produce.



The re-invention of the Wheel has wider significance, however. For Standard, Europe's largest fireworks manufacturer, it represents a first step in a long overdue move to adopt new technology.

The result is likely to be a reduction in the cost of fireworks to the customer, while for the company - which, though admitting its technological shortcomings, claims to be more advanced than any of its competitors - it should lead to sharp rise in profitability.

The fireworks industry's lack of manufacturing sophistication stems in large part from the dangerous nature of its business. British law forbids companies from gathering more than 25lbs of explosive powder at each production point. Setting up a smooth manufacturing flow is therefore difficult.

In addition, the market is small with UK sales estimated at about £15m a year. Until recently the advantages of introducing expensive technology were thus limited, particularly for small companies.

Standard, which claims about 65 per cent of the British fireworks market, was one of the few companies which had a sufficient turnover volume to justify heavy investment in machinery. But, according to the present management, opportunities were wasted. The company was able to increase profitability through economies of scale and through competitors falling by the wayside. When new machinery was needed Standard tended to buy scrapped plant from other industries rather than look at ways to radically improve production techniques.

All that changed in July last year when Standard was bought for £8.5m by Scottish Heritable Trust, the widely diversified conglomerate with interests ranging from oriental carpets to housebuilding and textiles. SHT saw potential for big growth in the fireworks market, especially if it could get prices down. That, in turn, depended on a sharp improvement in production methods.

SHT seized its chance for speeding the changes with the acquisition last January of Brock's, Britain's oldest fireworks maker. Brock's, a privately-owned company, had fallen on hard times and cost just £55,000, against industry estimates of the company's worth a couple of years earlier of more than £1m. Its recent financial problems had prevented it from achieving many concrete advances in fireworks technology but it had bigger ideas than Standard and its research staff of 10 compared with the three of its new parent.

One reason for Brock's heavier staff complement was that, unlike Standard, it made pyrotechnics for military use. To keep its contracts with the UK Ministry of Defence and the US Defense Department for products like screening smokes and explosion simulators it had to have a substantial research team.

For John Robertson, head of research at Brock's and now technical director at Standard Brock, the SHT takeover was a godsend. He had joined the company two years previously after tiring of constant spending cuts at the Ministry of Defence, where he had spent the first 12 years of his working life.

With the financial problems at Brock's he had been looking for another job. SHT saved him the effort because it promised to give Brock's the financial stability it needed.

Robertson, who has a chemistry PhD, had been recruited to develop military pyrotechnics and admits he had to have his arm twisted to get involved in fireworks. "It was professional pride," he says. "I wanted to push back the frontiers of science."

He has discovered, however, that he can do that with fireworks as much as with any other pyrotechnic product. And there is obvious synergy between fireworks and military pyrotechnics.

Indeed, Standard's breakthrough with the Catherine Wheel owes its existence to Brock's development of a delay system for practice smoke grenades.

The basic principle behind it is the same as that behind all fireworks since their invention, thought to be by the Chinese around the 12th century. They work because of the combustion of a fuel (metal powder or carbon) with an oxygen-providing oxidant.

The difference between the Standard wheel and its predecessors is in the way it is made. Instead of putting firework powder into a long tube and then winding it into a coil, Robertson's team has developed and patented a screen-printing system. In this an explosive composition, in the shape of the finished Catherine Wheel is forced through a wire mesh and "printed" on a card.

The firework gives off the same visual effect but the new manufacturing method is cheaper and easier to automate. When the automated system is up and running at the old Brock's site at Sanquhar in Dumfriesshire, Scotland, Standard expects labour and materials savings of about 50 per cent. It is aiming to produce 4m units at Sanquhar next year, against this year's 1m. Eventually, the 2m Catherine Wheels produced by other Standard factories will probably be phased out.

The new product's success is not assured, however. Initially it will be made manually and the automated equipment, adapted from icing sugar machinery from the food industry, has yet to be fully tested. Standard will also have to be careful with the way the product looks; there is no need for a spiral effect, after all, and the company is still working on a design for the wheel's appearance. A wrong choice could lead to consumer resistance.

But if Standard does get it right, the technology can be transferred to other pyrotechnic products. Quite in what way, the company is keeping to itself because it does not want to give advance notice to competitors.

What the company will talk about is a second major technological change in the manufacture of its foreworks. Again this is a recent development from the Brock's stable. It involves filling fount and rocket fireworks with liquid resin, rather than with powder.

The main advantage is that the resin method is much easier to automate because the liquid is easier than powder to feed into fireworks through nozzles.

Robertson believes the process will reduce the time spent on each firework by 15 to 20 per cent and that the machinery should pay for itself in two years.

An additional advantage is that resin-filled fireworks can be made more consistently, with less air bubbles, and therefore are less likely to pop and splutter. Powder does not bind together well and so has to be consolidated in various stages of the production processes - and even then not always successfully.

In spite of the advances made this year, there is still an enormous amount for Robertson and his team to accomplish. It is some years off yet but one target is to tackle extraordinarily disparate firework manufacturing methods.

Standard's main manufacturing site in Huddersfield consists of about 100 tiny huts. None is able to take more than six people and each has a different task to perform. In the past setting up manufacturing flow lines has always been considered impracticable because of the safety considerations. But the picture would change if Standard, by rapidly increasing the speed of throughput, could reduce the amount of powder at each production point

Such a project would, of course, require substantial capital investment and to justify this Standard may first need to prove its theory that the fireworks market is capable of being expanded at the rate it believes possible.

McGrath believes growth in the UK can come from marketing for occasions other than November 5, especially if the products are cheaper for consumers. He also sees scope for increasing exports, from their present level of about 5 per cent of output, by bidding for a larger share of, say, the July 14 market in France or the New Year's Eve market in Scandinavia.

His aim is to double the company's turnover within three years. Profits are expected to grow even faster, with Standard's pre-tax out-turn - 65 per cent of which is made up by fireworks - doubling to about £1.5m next year from this year's anticipated £750,000.

Both that and the drive towards new technology, which goes hand-in-glove with it, are ambitious targets, McGrath admits. "At the moment it is a bit like starting a supertanker. There is a lot of churning and a lot of froth at the back but we are heading in the right direction and we are gradually building up speed."

French extract value from metal waste

COPPER, SILVER, gold and other metals in the spent solutions or rinse waters produced by metal finishers and printed circuit board makers can be efficiently extracted using a system called Actimag.

Developed in France by Extramet, the system is offered in the UK by Darcy Products of East Malling, Kent. It makes use of a fluidised bed of iron granules which are retained within the system as the fluids pass through, and are kept in rapid movement by the application of a pulsed magnetic field.

Chemically, the ions of copper for example, in the acidic solution, react with the iron to form copper while the iron goes into solution. Normally, the copper would coat the iron and prevent further reaction, but the agitation continually removes it and causes a fine copper powder to be produced. This is removed by simple decantation or filtration.

Recovery of 99 per cent of the copper in spent printed board etchants is possible.

WORTH WATCHING

Edited by Geoffrey Charlish

Japanese cut cost of vapour recovery

IN JAPAN, Nippon Kokan (NKK) has developed a hydrocarbon vapour recovery system which it claims is the first to use polymeric gas separation membranes.

This means it is cheaper to operate than conventional extracters (that use freezing processes, for example).

Hydrocarbon vapour emissions from refineries and petroleum tank farms can contribute to the formation of photochemical smog (smog enhanced by the presence of sunlight) and they often produce offensive smells. They also constitute an energy loss.

In the NKK process; the emissions, consisting of petroleum vapour and air, are blown into gas separation modules on one side of the membrane while the other side is kept at a negative pressure by a vacuum pump. The hydrocarbon content passes through the membrane, condenses and is fed to a recovery column where it is absorbed by a suitable petroleum liquid.

NKK says that excellent results were obtained in tests recently carried out at the Showa-Shell facility in Japan. It expects sales of the systems to reach Y1bn (US$7.3m) by 1992.

Texaco cleans up on coal gases

TEXACO, THE US oil company, is embarking on a five-year, US$17m testing programme that could result in an efficient and relatively cheap method for taking the atmosphere-polluting sulphur emissions out of gasified coal.

Coal derived gas, burned in gas turbines, is attracting the attention of US power companies as a means of generating electricity.

Texaco's proprietary gasification process is already in use in California but there the sulphur is being removed rather expensively as a follow-on process after the gas is made. In addition, there is a need for complex heat exchangers to cool the gas before the clean-up takes place.

In the new programme being initiated by Texaco, engineers will examine ways of removing sulphur from rapidly-moving, hot coal gases while they are still inside the gasifier.

The experimental technique involves injecting "sorbents" such as iron oxide or calcium compounds directly into the gasification vessel.

These act as a chemical "sponge", absorbing the sulphur emissions as they are released from the coal.

Texaco will provide 20 per cent of the funding, with the remainder of the financing coming from the US Government.

CONTACTS; Darcy Products: UK, 0732 845016. NKK: Tokyo, 212 7111. Texaco: London office, 584 5000.

Following the herd - to little effect

Clive Wolman reports that Big Bang has not been a prelude to competitive flair among City firms

A YEAR AFTER Big Bang, there are few if any firms around willing to defend the old Stock Exchange minimum commissions cartel and its enforced separation of brokers, jobbers and banks.

But despite the lifting of the straitjacket, it is remarkable how little the newly integrated securities firms have attempted to differentiate themselves from their competitors.

Almost all linked up with similar partners for the purpose of offering similar services to similar customers. According to Simon Haslam, of Spicer and Pegler management consultants: "Most firms wanted to be all things to all men instead of looking for niches that would fit in with the rest of their business."

This was unimaginative, if not foolhardy. In the words of Harvard Business School Professor Michael Porter, who has become one of the most influential writers on corporate strategy in the 1980s, "the essence of strategic thinking is to create a sustainable competitive advantage. This is simply not possible if a company imitates its competitors."

Porter has repeatedly criticised companies on both sides of the Atlantic for their reliance on imitative, rather than innovative, strategic thinking. As he puts it, "sustainable competitive advantage arises from altering the basis of competition - new product attributes, new types of services, new production methods, new delivery systems."

The response of US banks to deregulation has been one of the targets of Porter's criticism. So far the British banking and securities industry and its response to the liberalisation of the London Stock Exchange has escaped his scrutiny. But there is little doubt what his conclusions would be.

Alan Gardner, head of McKinsey's UK financial services group, sees parallels between the deregulation of Wall Street and of London. "We are now coming into the second phase of consolidation in which in the US people were limited to competing on price. The UK has a similar problem of overcapacity because too many medium-sized firms have been trying to cover the waterfront," he says.

Nowhere is the lack of differentiation clearer than in the gilt-edged market, where 25 market-makers (soon to rise to 27 or more) have been slogging it out for the past year, cutting commissions to zero for almost everyone except private clients and offering ever finer dealing spreads. The cumulative losses over the year have exceeded £50m.

The first participant to drop out of the market during the course of the year, Lloyds Bank, originally talked of selling gilts through its branch network to retail customers. But little or nothing was done to implement the strategy.

The main innovation has been the introduction of gilt warrants, largely at the initiative of US firms. But the market-makers have made no attempt, for example, to use their position to issue new types of securities or deposit schemes, backed by gilts, to small investors of different ages, tax and cash flow positions and with differing fears about inflation and other risks. Among UK corporate clients, bond issuers have gone to the Euromarkets which have retained a near-monopoly on innovative instruments.

YEAR 2

PART THREE: MARKETING

In the equity markets, several firms launched new types of private client services in anticipation of a sharp fall-off in income from institutional investors. Quilter Goodison opened share shops and several firms, such as Kleinwort Grieveson and Hoare Govett, launched cut-price dealing-only services.

But no firm had the vision to prepare for the post-Big Bang world of low-margin high-turnover business by investing heavily in streamlining and computerising its paper-processing systems, in particular its systems for settling bargains. Nor has any firm exploited the potential of share nominee services for all its clients to decrease the volume of paper shuffling and allow them to charge companies for mailing their literature to shareholders.

With the exception of NatWest's computerised service in branches for handling privatisation issues, the cut-price dealing services for private clients have been withdrawn.

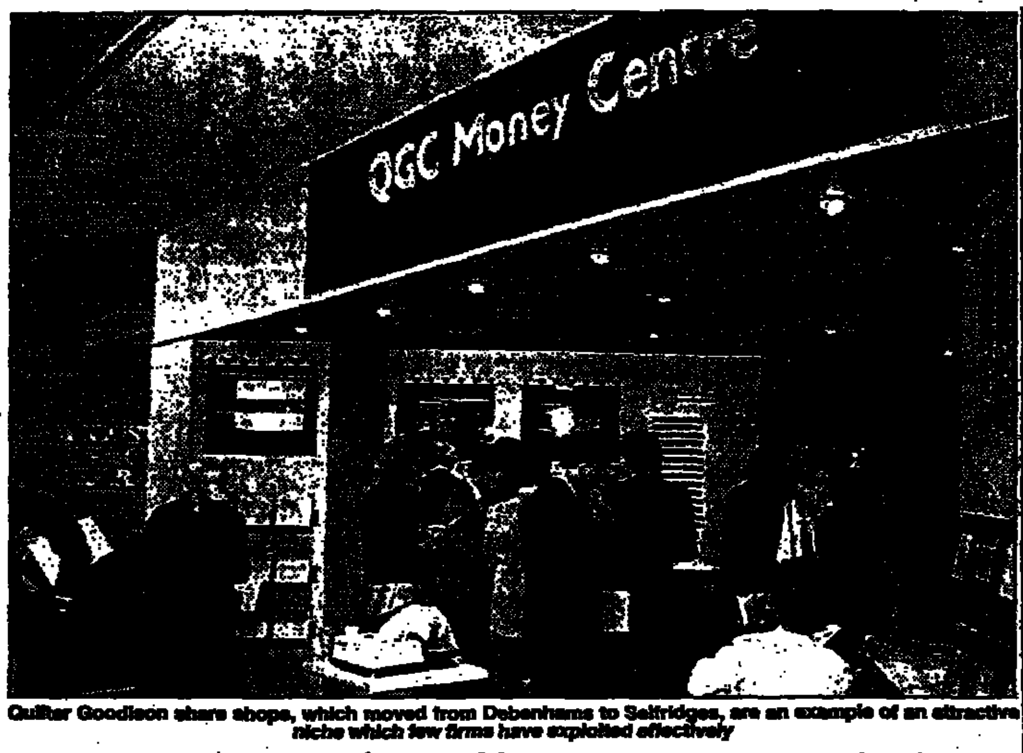
As a result, all the large London securities firms have been competing primarily on the research talents of their analysts, the ability of their salesmen to disseminate the research ideas and the capacity of their market-makers to take on large deals at the finest prices.

The two other widespread activities are corporate finance broking and the publication of standardised information services either on paper, such as Morgan Grenfell's equity turnover statistics, or as a computerised service. But as John Holmes, head of Morgan Grenfell Securities, admits: "We are basically a commodity producer and have to go for lower and lower cost."

The similarity of firms' pricing structures is even more striking. After all, Big Bang was triggered by the Stock Exchange's agreement to abandon its standard commissions scale.

All that has happened is, broadly, that private investors are charged the same rates as pre-Big Bang while institutional investors pay a flat 0.2 per cent on all equity deals, at least within the range of £50,000 to £1m transactions.

The commission buys a package which covers a stream of research notes for all sectors covered by the firm, telephone sales service, the execution of bargains and settlement. No one has offered to charge a flat fee for a full research service (notes and telephone calls) from whichever analysts the investment manager values highly, independently of how often he actually deals, even though almost every manager complains about the volume of unwanted and unused research notes and telephone calls that he receives.



Quilter Goodison share shops, which moved from Debenhams to Selfridges, are an example of an attractive niche which few firms have exploited effectively

Such a "hard-dollar" service, brokers believe, would never be accepted because investment managers prefer as much as possible to be paid in the form of commission, since that comes out of their clients' funds, whereas they would have to pay research fees themselves.

No broker has taken the risk of raising the awareness of this issue among the ultimate clients, such as pension fund trustees, to encourage their managers to be more discriminating - and thrifty - in their use of research. Some institutions, for example, Prudential Portfolio Managers, the largest in the UK, have already suggested that they would welcome such a move.

But as Alex Rentoul of management consultants Booz, Allen and Hamilton says, innovation in pricing comes usually in response to a squeeze on revenue from which firms have been protected by the strong bull market during the first 11 months after Big Bang. The next year may see a change.

Over the longer term, many believe that the UK securities industry will follow the evolution of other deregulated industries, such as US airlines and transportation. In the first stages all firms compete on a broad front, but competitive pressures gradually force many to disappear or be taken over.

The surviving companies then divide between a few giants offering an across-the-board service, several low-cost no-frills producers and a large number of companies each focussing on one or several niches.

However, the US airline industry also highlighted the difficulties of a generalist producer seeking to focus on just a few areas of its business. The danger is that the withdrawals will cause a slump in morale and the firm then fails to develop the necessary expertise in its chosen areas.

Now that the period of frantic preparations and adjustment to the new deregulated world has passed, will UK securities firms seek to pre-empt such developments by adopting more innovative strategies? Or is the herd instinct from which the industry appears to have been suffering more deeply-rooted?

A few of the banks, such as S.G. Warburg, saw the potential for developing an integrated investment banking operation and began to make preparations for the expected deregulation of the London Stock Exchange as far back as the late 1970s. But most stockbroking and jobbing firms suffered from two handicaps.

According to Angus Hislop, a management consultant at Coopers and Lybrand specialising in financial services: "The managers of the securities houses are salesmen, traders and dealmakers specialising in a very narrow area. They do not make good strategic decision-makers." The other handicap has been the lack of entrepreneurs in an industry for so long protected by a cartel and rigid demarcation lines. Most stockbroking firms and most of the banks that acquired them have been led by committees of professional partners or managers, not a formula to encourage unconventional or eccentric strategies.

In the few firms that have been managed by a strong, charismatic leader, innovation has flourished - for example, Wood Mackenzie's development of its research and investment performance measurement services under John Chiene in the 1960s and 1970s.

But the most obvious reason for the conservatism of the industry is the conservatism of the pension fund and insurance company investors who are its main customers. In contrast to their US counterparts, UK pension fund trustees are notoriously reluctant to do anything different from their peers and all but a handful lack the financial expertise to discriminate between innovations which might be imprudent and those which reduce risks.

Their conservatism is reflected in the fund management companies that they employ and explains their slowness in adopting devices such as index-matching, futures, options and stock lending.

The underlying cause of the conservatism is perhaps the unusually large number of institutional layers that lie between the producer - in this case the securities firm - and the ultimate customer, the pension fund beneficiary or insurance company policy holder.

Previous articles in this series were published on November 3 and 4; the final one will appear tomorrow.

Better informed, more demanding

Michael Skapinker reports that the latest breed of consumer is unpredictable

THERE IS no easy way to turn a tennis court into a golf course, Roger Godino, president of the French leisure company Groupe des Arcs, observed last week.

Managers in the leisure industry constantly make long-term investment decisions, such as what sports facilities to build or where to put up a hotel, he told a conference on Strategic Marketing Issues for the 1990s at Insead, the European business school at Fontainebleau.

But leisure consumers are fickle. There is no way of knowing whether anyone is going to want to use your tennis court or golf course by the time you have finished building it.

Managers from other sectors had their own stories to tell, of customers who demand products that do not damage the environment, who switch easily from one brand to another and who expect after-sales service as a matter of course.

All the tales had a common theme. Consumers' disposable income is probably not going to increase much in the next few years, the conference was told. But that does not mean that consumers are going to lower their expectations. They will be more demanding, better informed and more selective about how they spend their time and money.

"The initial assumption we've got to make is that consumers will be exposed to a considerable number of new products and it is difficult to know how they will react," said Jean-Pierre Dumont, managing director of Polaroid's European Marketing Operations. "We have to behave with humility on this subject. We sometimes think that we know what the consumer will like, but we don't."

As a result, senior executives will not be able to spend all their time concentrating on how to allocate the company's resources or whether to make another acquisition. They will have to become personally involved in assessing shifting customer needs and in marketing their company's products and services.

To what extent is this message accepted in Europe? Quite widely, according to a survey* of senior executives at 128 leading companies carried out by Insead in association with six leading management consultants.

Asked to identify which marketing issues would be most important during the 1990s, the executives put the quality issue at the top of the list. They said they expected their customers to insist on an increasingly high quality of product, as well as on the services to go with it.

The second most important issue was the need to assess changing customer characteristics. The third issue for the 1990s was to encourage the entire organisation to concentrate on marketing issues.

Crucial

Insead's professor of marketing, Jean-Claude Larreche, who led the research, said that his team had expected the third issue to feature prominently on the executives' list of priorities. However, he said, "we would not have guessed that the first two would be there because we thought they would be the responsibility of people lower down in the organization."

Many of the issues which Larreche's team expected senior executives to identify as crucial for the 1990s were consigned to near the bottom of the list. These included the development of international marketing strategies and even the formulation of strategies on mergers and acquisitions.

Many at the conference appeared to accept, however, that the survey raised as many questions as it answered. It is easy, for example, to talk about the importance of quality. Deciding what it means is another matter. The quality product is not always the one which has had the most money and attention poured into it. Consumers will often be prepared to buy cheaply made goods, whether watches or hamburgers, at a lower price. But they will still expect them to conform to certain quality standards.

Key Strategic Marketing Issues for the 1990s, available from Professor Larreche, Insead, Boulevard de Constance, F-77305 Fontainebleau Cedex, France. Price to be determined by Insead.

Metropolitan Museum, New York/Mary Rose Beaumont

Mysticism and the Great American Dream

"Saint Casilda" by Francisco de Zurbaran

Mysticism and religious ecstasy are not common currency in the late twentieth century. A leap of the imagination is required for the secular viewer to comprehend the spirit of the Counter-Reformation in seventeenth century Spain.

The Metropolitan museum in New York has mounted a revelatory retrospective exhibition of the works of Francisco de Zurbaran (until December 13): 71 paintings have been assembled from museums and private collections in Europe, principally Spain, and North and South America. Hitherto known primarily for his paintings of saints and martyrs, Zurbaran can now be seen to command a far greater range of subject matter, rating favourable comparison with his great contemporary Velasquez, although he was never at ease with the life of the court, preferring to accept commissions from monastic orders.

Zurbaran spent the greater part of his life in Seville, where early commissions established his reputation. In 1627 he painted a Christ on the Cross for the Monastery of San Pablo (now in the Art Institute of Chicago) which fulfils the requirements of the Council of Trent by presenting Christ as an object of devotional contemplation, solitary and uplifted against a dark background, a profound change from the crowded scenes of the crucifixion which had previously been the norm.

Commissions flowed in. He painted a cycle devoted to Saint Bonaventure (now in the Louvre, having been filched by Marshal Soult during the Napoleonic wars) and another to Saint Peter Nolasco, the most dramatic of which shows the saint kneeling before a vision of Saint Peter, who appears upside down in accordance with the manner in which he was crucified. The realism of these paintings is breathtaking, and one can immediately see why Zurbaran was so much admired by Courbet and Manet.

In 1634 he travelled briefly to Madrid, where he was asked to paint the "Twelve Labours of Hercules" for the Buen Retiro Palace under the direction of Velasquez. Zurbaran was clearly uncomfortable with this secular commission and returned thankfully to Seville, but he had had the opportunity while in Madrid to see works by Titian and Rubens which inspired him to paint in a fully Baroque manner. A great altarpiece for a monastery in Jerez, which was dismantled and dispersed in the nineteenth century, has been partially reassembled. The magnificent centrepiece, "The Battle between Christians and Moors at El Sotillo," is divided into celestial and terrestrial portions. Up above the Virgin intervenes on behalf of the Christians, while down below the battle rages. The painting has clear affinities with Velasquez' "Surrender of Breda" which Zurbaran would have seen in Madrid.

By the 1640s Zurbaran's popularity began to be eclipsed by that of Murillo, and he became increasingly dependent on overseas commissions, particularly from Latin America. A series devoted to Jacob and his sons was apparently hijacked by pirates and taken to London. Twelve were aquired by the Bishop of Durham, while the thirteenth, exhibited here, belongs to Lord Grimsthorpe. *It shows Benjamin*, twelfth son of Jacob, dressed as a huntsman, accompanied by a hound. Zurbaran's preference for dressing his saints and heroes in contemporary dress gave them an immediacy as didactic examples. The dramatic chiaroscuro which he employs spotlights these single figures as on a stage.

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From the tenebrism of seventeenth century religious painting in Spain to the luminism of nineteenth century *landscape* painting in America. *American Paradise: The World of the Hudson River School* is the other major autumn exhibition at the Met (until Jan 3). The sobriquet was originally coined as a term of contempt when the reputations of these painters, which had ridden extraordinarily high during the middle of the nineteenth century, began to falter as fashions and tastes changed. The work of some two dozen painters in exhibited, but few of the names will be familiar on this side of the Atlantic.

A notable exception to the foregoing is Frederic E. Church, whose huge paintings will be remembered partly because of the romantic rediscovery of "The Icebergs" in a reformatory school in Manchester 1979, subsequently sold for a vast sum and donated to the Dallas Museum of Fine Arts. The National Gallery of Scotland owns The Niagara Falls from the American side which until recently languished unregarded in the cellars. Church depicted Nature as God's Own Country with something of the spititual and emotional vision of the German Romantic painter, Caspar David Friedrich. His labours were richly rewarded, enabling him to build himself a palatial residence at Husdon, New York, and to be lionised in society.

Albert Bierstadt was a German emigre who studied in Europe which gave his work a greater *breadth of vision* when he returned to America. He quickly became renowned for his panoramic paintings of the Rocky Mountains and the Yosemite Valley in which man is dwarfed by the grandeur of the scenery. Just as the "pompier" painters, such as Gerome and Bougereau, have returned to popular esteem in America and in France, so these artists have taken their historical place as painters of the Great American Dream. Mysticism, translated as awe, infuses the best of these paintings.

A View from the Bridge/Aldwych

Michael Coveney

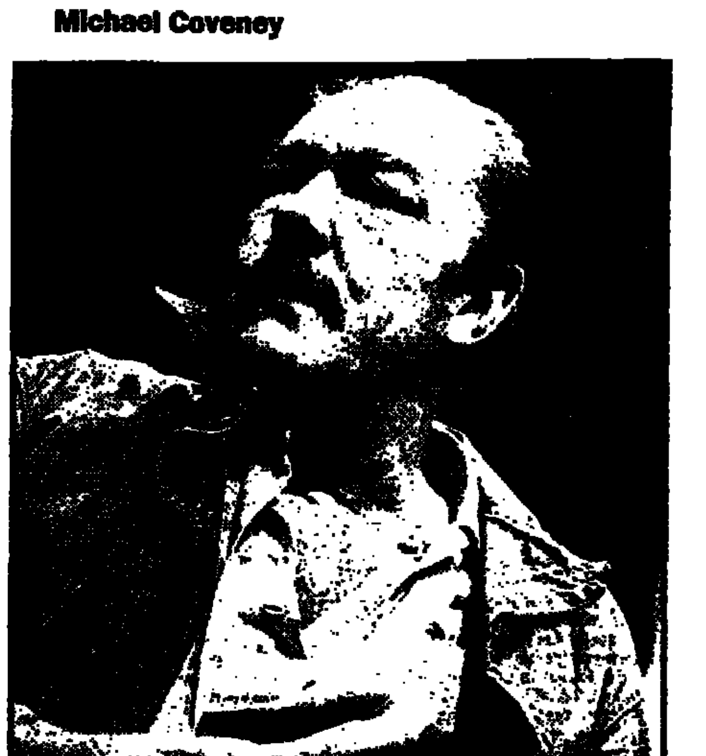
To coincide with the publication this week of Arthur Miller's majestic and absorbing autobiography *Timebends* (Methuen,£17.95), the National Theatre's superb revival of *A View from the Bridge* has crossed the river and settled for a season at the Aldwych.

In a recent *festschrift* to celebrate Laurence Olivier's 80th birthday, Simon Callow suggested that nobody had had the temerity or the talent to redefine what we mean by "great acting" since Olivier held sway. The phrase took hold and started to summon a challenge when I reflected on Michael Gambon's Eddie Carbone in the Cottesloe in February. "The great Gambon", as Ralph Richardson prophetically dubbed him, was an arch Ayckbourn exponent before breaking through to the classical big time as Galileo and King Lear. But in this production, directed by Alan Ayckbourn, he matches a predatory, bursting domesticity with the roll and thunder of tragic inevitability. It is an awesome sight and certainly a kind of "great acting" that is very probably new.

This mixture of muscular grandeur and grainy realism is Gambon's trademark. When most actors take a pause, you say to yourself, there goes an actor taking a pause. With Gambon's Eddie,when he stops, you worry in case he has not so much forgotten the next line as perhaps given up on finding a way of properly expressing himself. He is not obsessed with the character, but overtaken by it. The line *between actor and role is erased.* An eclipse has taken place. There is absolutely no objectivity about the presentation of Gambon's Eddie, which is why the performance is so terrifying and so moving.

The longshoreman in Red Hook, Brooklyn, who shops his immigrant relatives because one of them has fallen in love with the niece he wants to keep for himself, is released into a stage reality that tears up the contract of our part in theatrical artifice. Gambon rolls and swaggers like a caged animal, his grunts and growls, boot shedding and cigar lighting all part of a perpetual motion that is overtaken in the fast lane by a passion he does not understand and cannot handle. After his act of betrayal, he slumps, glazed, degraded and somehow folded, one foot childishly turned in to rest on top of the other, before his great primordial awakening to the cry of the street duel.

In a fascinating interview on last Friday's *Omnibus*(BBC 1), Miller said that he was incapable of writing anyone he did not like. In the past, it has not always been easy to like Eddie as much as Miller does. Or the play, for that matter. As Martin Hoyle said in February, it reeks of melodrama and the device of the lawyer Alfieri as a chorus is cumbersome (although James Hayes is a model of precise Irish discretion at the Aldwych). But it is impossible to be judgmental *about this Eddie. Gambon's* bonhomous mandarin face mask crumples and breaks as his anguish gushes up like a geyser and he cries with baby-like tenacity for the respect he ludicrously craves from a wife he has all but destroyed over the past few months.



Michael Gambon

In *Timebends* Miller places *A View from the Bridge* - first seen in this published version in club conditions (because of the male kiss and the Lord Chamberlain), Anthony Quayle and Mary Ure directed by Peter Brook in 1956 - in its full autobiographical context.

Miller had gone to Sicily after the War with an activist longshoreman friend to look up families and take news of their emigre Brooklyn breadwinners. He met Lucky Luciano, whose face divided into the social side and the side he killed with, and stood smitten with awe and longing in the Greek amphitheatre at Syracuse. This accounts for the spell of the Sicilian bloodknot and the portentous classicism of this play - a weakness turned to strength in Ayckbourn's unflinching direction.

You can read Miller's book to enjoy his relatives, his moving account of life with Marilyn Monroe, his feelings about Elia Kazan and Lee J Cobb who, unlike he, *did* testify to Senator McCarthy's UnAmerican Activities Committee (Cobb, who was the first Willy Loman, was wanted by Miller to play Eddie - he *never did - because he knew at* first hand what it was liketo inform to the authorities). You should not read it as a critical guide to the plays, as Miller is a most indulgent and loquacious trumpeter of his own virtues. But it has been an enthralling career, declining as he himself admits with the loss of the liberal consensus and a feeling of emptiness after the first Kennedy assassination: "The cosmos had simply hung up the phone." Latterly he has been a heroic chairman of PEN and scathing critic of Broadway's demise and the loss of his constituency among young professional playgoers.

Eddie's tragedy, says Alfieri, and the source of his appeal, is the fact that he allowed himself to be wholly known. Miller doesn't go that far in his own testimony, but as he told the perceptive *Omnibus* interviewer, Alan Yentob, he does indentify with his most famous creation, Willy Loman, and feels just as "temporary" about himself as Willy ever did. The Aldwych revival, and Gambon's great performance, should help him feel a little bit more permanent for a day or two.

American Music Theatre Festival/Philadelphia

Frank Lipsius

With the old Locust Theatre now a restaurant, it difficult to recall that Philadelphia's critics used to influence New York when, up to two decades ago, major Broadway productions were regularly tried out here.

Broadway shows no longer have regional try-outs, but the American Music Theatre Festival has staked out a new role for Philadelphia. Now in its fourth year, the Festival has forged new alliances with regional theatres, originates its own productions, and taps into Philadelphia's thriving group of small theatres.

Ironically, the move out of Broadway's shadow has made Philadelphia a fresh source of productions for New York. Last season's *Queenie Pie*, an embellishment of Duke Ellington's uncompleted television musical, got its world premiere at the Festival and will arrive on Broadway next year; Andrew Porter reviewed *X* - a musical biography of Malcolm X - in these pages two years ago, which then went on to the New York City Opera.

This year for the first time the Festival has extended its horizons internationally by sponsoring the American premiere of *The Man Who Mistook his Wife for a Hat* from the ICA in London (reviewed on these pages by Michael Coveney), and *Nodiho* from Zaire. *Nodiho,* which means "blood pact" in Sengele, features the 17-member Arts & Spectacles group re-telling the folk tale of the tribal prince who refuses *to forge a dynastic marriage* with a neighbouring princess. Defiantly walking out of the union celebration, the prince is attacked by demons, only to be rescued by (and thereby reconciled with) the princess.

Surtitles over the proscenium explain the plot development while the scenes are couched in infections rhythmic movements, danced to native instruments. The musical accompaniment is constant, except for the moment the prince suddenly walks away from the marriage bargain, when a dead silence underscores the drama. The ensemble work, frequent change in costume, and easy blend of action and music provide a revealing glimpse of the culture from which *Nodiho* comes.

Compared with other countries, like those of Eastern Europe, that have attempted to translate folk history to a modern theatrical idiom, this production is refreshingly unselfconscious. The similarities of music and dance to modern rhythmic pop culture gives the exotic a familiar feel.

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The first professional production of composer Harry Partch's 1960 rock musical *Revelation in the Court House Park* makes the familiar feel exotic. A musical version of Euripides' *The Bacchae,* which recounts the rise of the cult of Dionysus, alternates with scenes depicting the hysteria surrounding a performance of a contemporary rock music idol.

Partch, a musical theorist as well as composer, designs his own instruments out of bamboo, hub caps, light bulbs and glass jars. The *orchestra sits opposite* the audience, both in highly banked rows of seats, making something of a stadium out of the atrium of the Great Hall at the University of the Arts. Partch called the work an "Extravaganza," with tumblers, a street band and a festival atmosphere that director Jiri Zizka obviously relished providing.

Partch's music sounds less like pop riffs than a rhythmic amalgam of hypnotic patterns for the already converted. Though the composer found a fruitful cultural mix for his plot, the blending of pop music and primitive rhythms lessens the real attraction of the super stars - their music. Gene Anthony Ray, a veteran of the Broadway musical *Dreamgirls*, is both Dion and Dionysus, playing his roles with energy and conviction, cleverly distinguishing between Dion's innocent stardom and Dionysus' vindictiveness.

Director Zizka, a Czech exile with *his* own theatre in Philadelphia, extracts high drama out of the carnival setting when Dionysus has the Bacchae destroy the young Theban king, Pentheus. Christopher Durham plays Pentheus with the full authority of an about-to-be-deposed *ancien regime*. Amy Cohen's half-face masks make a particularly stunning addition to the ancient scenes, with menace emanating from familiar Greek profiles.

*

To contribute to the local celebration of the American Constitution's bicentenary, the Festival has commissioned *Let Freedom Sing!*, a compilation of 21 musical skits. It follow a now-familiar off-Broadway routine of satirising a given subject; here in Philadelphia constitutional history has been chosen, which hardly sounds singable but does make the astute commentary all the more pointed. Particularly enlightening was Alan Menkin and Mark Saltzman's song "A Little War," in which the three able song-and-dance-men in the cast portray every president since Eisenhower with their excuses for their "little wars."

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The Apprenticeship of Duddy Kravitz, made from the film of the same title, is a musical bound for Broadway. But it has a long way to go, with dancing that looks like a bus queue and a set comprised of blown-up backlit photos that looks like the cover of a cheap travel brochure. The book is far too long, with endless character introductions before Duddy wheels and deals himself a career. If it was re-titled, "The Rise and Fall of Yuppies" it would be the most topical show on Broadway.

Lenny Price emphasises Duddy's ambition to the point of boredom; he should be enjoying himself more and scheming less. The soupy ending needs straining and the score by Alan Menkin and David Spencer needs to serve the plot less and stand on its own more. But director Austin Pendleton has assembled a marvellous cast including Merwin Goldsmith as Duddy's father, and Marty Brill, who a decade ago played a riveting Lenny in the West End, as the honest businessman who tries to set Duddy straight.

Thanks to the Festival, Philadelphia glimpses again the faded glory it once had in helping to mould productions while confidently building itself a new role outside Broadway's orbit.

Obba Babatunde as Dion in "Revelation in the Courthouse Park"

Philharmonia/Festival Hall

David Murray

Esa-Pekka Salonen's latest concert with the Philharmonia Orchestra began, like the earlier ones, with Ligeti; on Tuesday it was the seething, decidedly dangerous *San Francisco Polyphony* from 1975. Salonen's elegantly controlled reading was occasionally - as in the long, baleful simmer before the music rouses itself for the final drive - less taut than just tidy, which might be why the brusque cut-off of the last roar left less of a numb shock than it can do. But with its crafty balance and well-placed colour, the performance was continuously fascinating: Salonen's mini-festival of Ligeti has been a deserved success.

I think ill of the Sibelius Violin Concerto, and had no real hope that Salonen and his soloist Cho-Liang Lin would convert me. In fact any special Finnish sympathy that the conductor may have for the piece (which anyhow borrows too often from other romantic styles to boast of native roots) was sternly leashed; he was at pains to allow the young Taiwanese violinist *the whole* foreground, and the orchestra kept its voice down. Lin was precise, musical, excellently secure (bad luck with the last note of the Adagio, though): not really shameless enough to tear into the piece in the barnstorming way it asks for. I look forward to hearing him in more edifying music.

Salonen's account of Debussy's *Images* - all three of them, and very welcome - was a good, careful, sometimes luminous sketch that should develop with repetition. Many moments in the score were expertly brought off, and Salonen's skilful flexibility offered dividends in fluid stuff like the "Rondes de printemps." Yet smaller nuances of tempo were often missed: at several points where a slight but perceptible lift is vital, Salonen let the same steady tread continue - very unhelpful in "Gigues," which luckily had an imaginative bonus in Michael Jeans' cor anglais.

There and in "Iberia," quiet principal voices were sometimes too nearly submerged in the glowing orchestral haze. Neither of those latter pieces (Salonen played the set in non-canonical order) was shaped as a whole - nor therefore concluded - with complete conviction. Still, there were plenty of incidental rewards, no imposed effects, and creditable promise for later.

"Entfuhrung" change of cast at Covent Garden

The Hungarian soprano Magda Nador has had to withdraw from the part of Konstanze in Covent Garden's new production of Mozart's *Die Entfuhrung aus dem Serail* through illness; she will be replaced in all performances by Inga Nielsen, a Danish soprano making her debut at the Royal Opera House.

Arts guide

October 30 - November 5

Exhibitions

LONDON

The Tate Gallery. Turner in the new Clore Gallery: The Turner Bequest, which amounts to nearly 300 oil paintings, finished and unfinished, and a further 19,000 or so watercolours and drawings, has been a source of controversy and dissension ever since it came into the nation's hands more than 130 years ago. Turner had always wished for a gallery to himself which would show all aspects of his work. Whether he would have approved of James Stirling's extension to the Tate as a suitable setting is a nice question. The larger paintings may be hung too low for one who lived in a more ostentatious age, and the tasteful oatmeal Stirling has decreed for the principal galleries is a far cry from the rich plum he is known to have preferred. The vulgar neo-deco of the entrance hall has little to recommend it. But eight rooms for paintings and one for watercolours give room enough, and with the tree reserve galleries upstairs, every painting but the few in restoration or on loan is on the wall.

PARIS

Five Centuries of Spanish Art: An ambitious ensemble of four exhibitions retraces the history of Spanish art from the Golden Age to today. The two most important exhibitions are Greco To Picasso at the Petit Palais and Picasso's Century at the Musee d'Art Moderne.

In the Petit Palais is Greco with a vast visionary Baptism of Christ, Velazquez with a portrait of Philippe IV in his hunting clothes, and Goya with a portrait of Marie-Louise in a black-lace mantilla.

Picasso's Century is dominated by the master, from the period of analytic cubism to 20 preparatory sketches for Guernica and to his last works. But there is also Juan Gris, and Miro, Dali and Tapies. Petit Palais, Ave Winston Churchill; Musee d'Art Moderne de la Ville de Paris, Ave President Wilson. Both exhibitions are closed on Mondays and both end on Jan 3.

Fragonard: The Grand Palais is staging the first retrospective of Fragonard in collaboration weith the Metropolitan Museum, New York. About 100 paintings and as many drawings celebrate the artist's love of beauty, in which he saw a manifestation of "nature's perfect health". The depth of observation in his Roman landscapes, mythological scenes and portraits counterbalances the decorative facility of the Scenes Galantes so typical of the 18th century. Grand Palais. Ends Jan 4.

Artcurial presents a panorama of 12 years of its activities in favour of contemporary art as a gallery, a library and as an editor of "multiple-originals" of statues and jewels, contemporary furniture, Sonia Delaunay's personal dinner plates and a 1930 carpet. The gallery's exhibitions have tried to present the image of the 20th century. Sonia Delaunay was followed by Giorgio de Chirico, Zadkine's retrospective by Man Ray photographs. There was sculpture by Chadwick and the art of the poster by Matisse. All culminated in a homage to the late President Pompidou - like Artcurial a lover of the avant-garde. Artcurial, 9 Ave Matignon (42991616). Ends Nov 14.

Landscape in the Flemish and Dutch Schools: Light and colour change but the painter's pleasure in recording them never varies. The Brueghel Dynasty, the Bredael Brothers and Charles Beschey are represented in paintings on copper plates or wooden panels of unassuming proportions but in all the perfection of their art. Galerie d'Art Saint-Honore, 267 Rue Saint-Honore (42601505). Ends Dec 4.

WEST GERMANY

Munich, Staatsgalerie Moderner Kunst; Sculpture from the German Democratic Republic (East Germany). A rersult of the cultural agreement of May 1986 between East and West Germany, this exhibition includes 130 sculptures, some of them larger than life, and about 80 paintins of sculptures by 51 artists, and coeres four decades. It offers a view of graphic works that have not even been seen in East Germany before. Among the artists are Gustav Seitz, Fritz Cremer, Werner Stotzer, Hermann Glockner, Waldeman and Sabine Grzimek, Ingeborg Hunzinger and Franziska Lobeck. Nov 5 to Jan 3. Mannheim Stadtische Kunsthalle from Jan 23 to Feb 21.

Hildesheim, Roemer- und Pfelizaeus-Museum, Am Steine 1-2. Egypt's rise to a World Power: More than 300 pieces loaned by 20 museums in Europe, Africa and America - the first presentation of the most important 150 years 1550-1400 BC of the New Empire in Egypt. The bust of Pharaoh Thutmosis III, discovered in 1907 without a face, can be seen complete in Hildesheim. The face, found in Egypt only 20 years ago, was loaned by a Cairo Museum. Another highlight is a reconstruction of the 3000 year old burial chamber of Sennefer, the former mayor of antique Thebes. Clothes, household appliances, tools, cosmetics and jewellery illustrate the everyday life of Egyptian citizens. Ends Nov 29.

Berlin: Galerie im Rathaus Tempelhof, Tempelhofer Damm 165: Gunter Gauss paintings, drawings, etchings, lithographs and sculpture—a 150 work retrospective celebrating his 60th birthday and covering 1957 to 1987. Ends Nov 30.

Baden-Baden: Kunsthalle Lichtentaler Allee 8a: Carlo Carra: The first German retrospective of the Italian artist who was one of the initiators of Futurix. His artistic life underwent dramatic change when he met de Chirico. Ends Dec 6.

ITALY

Rome: Palazzo Venezia: Bice Lazzary (1900-1981). 150 works in oil, pastel and acrylic by one of the first Italian artists to abandon figurative for abstract art. Ends Nov 22.

Rome: Palazzo Venezia: Bronzes found during excavations at Lake Dian in southern China in the 1950s. Ends Nov 15.

NETHERLANDS

Rotterdam, Prins Hendrik Maritime Museum. Art as camouflage, or camouflage as art? The startling 'applied vorticism' of marine dazzle painting developed in the First World War by Norman Wilkinson to deceive the enemy as to a ship's real position and course. Ends Dec 6

Art Institute: 48 key Impressionist and Post-Impressionist works from the Courtauld collection tour America with paintings by Cezanne, Manet, Renoir, Seurat and Gauguin. *Ends Jan 3.*

Amsterdam: Rijksmuseum Printroom. As a pendant to the survey of landscape painting in the main galleries, the printroom is showing a fine selection of 100 17th century drawings devoted to the theme of Land and Water. Ends Jan 3

Amsterdam: Historical Museum. Contemporary photographs, utensils, menus and registers chart the rise and heyday of Amsterdam's grand hotels from 1860 to 1914. Ends Jan 17

Amsterdam, Rijksmuseum: A sweeping view of 17th-century Dutch landscape painting, with more than 100 works by over 50 artists tracing the development of the genre and its offshoots from the dense creations of Vinckboons and Savery via the chilly winters of Avercamp, the tranquility of Ruysdael, the golden light of Cuyp, the towering cloudscapes of Ruisdael, to the wooded scenes of Hobbema. Ends Jan 3.

Rotterdam: Boymans-Van Beuningen Museum. From Ingres to Cezanne presents a rich choice from the museum's large collection of 19th century French drawings. Ends Nov 29

Leiden: Rijksmuseum voor Oudheden. Manuscripts, books and maps spanning 1,000 years of scientific imagination and knowledge. Ends Jan 17

SPAIN

Barcelona: "Leonardo da Vinci. Nature Studies". 50 drawings on loan by the Royal Library at Windsor Castle, shown recently at the Metropolitan Museum, stockholm and Tokyo. Centro Cultural La Caixa, Paseo de San Juan 108. Ends Nov 8.

Madrid: "Beuys, Klein and Rothko. Transformation and Prophecy". Centro Cultural de la Caixa, Serrano 60. Ends Nov 8.

Madrid: "Mark Rothko 1903-1970". 54 works by North American artist of Russian origin grouped with de Kooning and Pollack. This show was seen recently at the Tate in London. Fundacion Juan March,Castello 77. Ends Jan 3.

NEW YORK

Metropolitan Museum: 200 objects from the Age of Sultan Suleyman the Magnificent demonstrate the wealth and skills at the high point of the Ottoman empire in the sixteenth century through the large selection of illuminated manuscripts, the imperial wardrobe, ceramics and jewel-encrusted weapons. Ends Jan 17.

Center for African Art: Angles on *African* Art features ten co-curators, ranging from an African tribesman to collector David Rockefeller, each of whom chose ten of their favourite pieces, making a well-rounded and diverse show. Other curators are writer James Baldwin, artists Nancy Graves and Romare Bearden and curator William Rubin. Ends Jan 3.

Jan Krugier Gallery: This new gallery is inaugurated with 60 Cubist works by Picasso from the Marina Picasso Collection with two decades of paintings, drawings, sketchbooks, collages and prints from 1907 to 1926. Ends Dec 10. 41 E 57th, 6th floor.

Saleroom/Antony Thorncroft

Elgin's Canadian link

The Earl of Elgin was having a clear out at Sotheby's yesterday of some of the paintings that his ancestor, the 8th Earl, brought back from Canada after his stint as Governor General between 1846-54. Included were some watercolours by the Governor-General's wife done on an earlier visit to Canada when she was the daughter of another great figure in Canadian history, Lord Durham.

What is catalogued as "Three Indian chiefs and Peter Mcleod presenting a petition to Lord Elgin," painted in 1848 by Theophile Hamel, sold for £60,500 to a telephone buyer, presumably from Canada. It is an historic painting. The Indians had real grievances and received some redress. It must return to Canada.

The same telephone bidder paid £24,200 for another painting by Hamel, this time a portrait of Jacques Cartier, who virtually "discovered" Canada in the 16th century. Hamel immortalised him at least five *times.The waterfront in Montreal* in the late 19th century, by James Duncan, went for £13,200, and among the half dozen lots bought by the National Archive of Canada was a watercolour showing the making of maple sugar, captured by Lieutenant Philip Bainbridge around 1840 and priced at £6,800. One of Lady Elgin's little efforts, an 1839 view of Quebec, went for £1,760.

Further afield in this sale of topographical pictures a view of Walter Knott Graham's rice plantation in Papua in Tahiti, which Graham commissioned from the artist Nicholas Chevalier when he was passing through in 1869, sold for £26,400. The Australian dealer T.Silver paid £21,450 for a 1910 view of Sydney harbour by Sydney Long.

There is no evidence that the artist John Heaviside "Waterloo" Clark ever went to Australia but *that did not porevent him* producing watercolours from which engravings were made on the theme "Field sports of the native inhabtitants of New South Wales," issued in 1813, and rather making fun of aboriginal life. Ten originals came up for sale and the top price was the £18,700 paid for "Hunting the kangaroo." The morning session of this annual sale totalled £609,554, with a reasonable 14 per cent unsold.

One of the first major auctions to test the response of the art market to the collapse in stock exchange prices happened at Christie's in New York on Tuesday night when contemporary art came under the hammer. This is traditionally a home for Wall Street Yuppie money. In the event the sale did quite well, totalling £4,451,543 ($7,790,200), with 23 per cent unsold, not bad for this sector. The top price was the £754,285 paid for a Francis Bacon study of a Pope: it was, however, at the bottom of the estimate. Another Bacon study, for a portait of P.L, also went lower than anticipated at £490,285. It looks as if the estimates had not been reduced to take account of a more cautious demand. "Two figures" by de Kooning sold for £314,286 and "Reflection" by Hans Hoiffmann for £188,571.

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Power price misjudgment

THE ARGUMENTS used by Mr Cecil Parkinson, Energy Secretary, for pushing up electricity prices next year are flawed by *his failure to relate them to the* poor performance of the industry so far in 1987.

In his statement to Parliament on Tuesday, Mr Parkinson omitted to mention that the newest nuclear stations south of the border - the Advanced Gas-cooled Reactors - have been subject to persistent troubles. All four were shut down for 35 days this summer. The cost of these engineering difficulties is *put at £100m so far this* year and might reach twice that figure by April.

The cost to the consumer could be equal to some 2 per cent on average electricity bills in the full financial year. This is a significant figure compared with the 8 per cent to 9 per cent rise in tariffs which the Government says is needed in April to improve the industry's profits.

The Government is therefore open to the charge of believing that the consumer should automatically pay the cost of the *industry's mistakes. This has for* many years been an implicit assumption enshrined in the Bulk Supply Tariff, the price at which the Central Electricity Generating Board sells to the area distribution boards. It seemed also to be the view of Lord Marshall, CEGB chairman, when he suggested in July that prices might have to rise as a result of the nuclear failures.

Adequate return

However, in the commercial world the penalties for investment errors or equipment failures should fall on the owners and managers, not consumers. The distinction is important, even in a nationalised monopoly such as electricity.

The Confederation of British Industry has rightly drawn attention to the disproportionate burden which the enforced price rise next April will place upon large scale industrial consumers, particularly in steel and chemicals. The impact on inflation in general is not negligible.

If the price rises were justified by a proper economic asessment, electricity consumers would have no reasonable cause for complaint. Tariffs must be high enough to provide an adequate return on the capital invested in the large number of new power stations which Britain *will* need in the next few decades.

This would be true even if the *industry were to remain in the* public sector. It is also clear that the 2.45 per cent real *return on assets*, which the industry expects to earn this year, would be too low to attract private investors.

However, Mr Parkinson is wrong to conclude that the rate of return must be pushed up to 4.45 per cent in only two years. The industry's low rate of return reflects past investment *mistakes, of which its nuclear* problems are only the latest symptom.

The principles of market economics championed by Mr Parkinson *suggest* that the industry's assets are worth less than their stated value. The loss should *therefore* be spread evenly between taxpayers - the owners - by selling the assets at an appropriate discount on privatisation.

Determined effort

Then, *the new owners* will start with a return on capital determined by the market at the time of sale. The current price of electricity will influence only the proceeds of the sale to the Treasury, not the return expected by buyers.

Mr Parkinson was blurring the main issue when he linked the present return on capital to the question of whether the private sector will be prepared to *finance new power stations.* The important question is whether electricity prices *would now allow an efficient* operator to make a fair return on a new capital project.

The CEGB's calculations suggest that, in spite of the 15 per cent fall in electricity prices in real terms over the last five years, its latest projects can be profitable. If the industry were able to buy coal at prices closer to those on world markets and made a determined effort to curb construction and operating *costs, a good case can be* made that present prices could fall from current levels in the medium term.

In view of the uncertainties it would have been prudent to let prices rise at least in line with inflation, and perhaps by a little more but the decision to enforce a rise of 15 per cent over two years looks very like an acceptance of an industry view that it could not try harder.

Slippage in the Arias plan

THE CENTRAL American peace plan initiated by President Oscar Arias of Costa Rica is alive and well even though it has run into troubled waters. The timetable for implementation is slipping and this is eroding some of the plan's credibility.

Nevertheless, the momentum of diplomatic contacts has not been lost. This *is* vital in a region where negotiated solutions have proved ineffectual in resolving civil strife in El Salvador and in reconciling the Sandinista Government with its US-backed opponents, the Contras.

The peace process is far from irreversible. The plan has reached a delicate stage where none of the principal actors wish to be seen as jeopardising *its chances of success; but* equally those that have to make real concessions are afraid of the consequences. In *neither* Washington nor Managua, the key capitals, does unity rule, as this week's defection by a senior Sandinista general demonstrates.

The Nicaraguan regime is refusing to negotiate directly with the Contras and declare a full ceasefire. The El Salvador Government *is holding back on* a genuine offer of reconciliation to the left-wing guerrillas and the Reagan Administration is refusing to abandon its support for the Contras or lessen its military strength in the region propping up both El Salvador and Honduras.

Best chance

If the timetable laid down at the Guatemalan *summit* of Central American leaders in August had been properly followed,then ceasefires, political amnesties and a process of democratisation should have been in place by this week.

This programme has not been met and there have been some worrying incidents such as the murder of a civil rights leader in El Salvador and the refusal of entry into Nicaragua of three prominent *political* opponents of the Sandinistas.

Yet the remarkable feature of *the Arias plan is that it attempts* to be fair to all the conflicting interests in the region, placing the emphasis on a *full* return to democracy and the removal of external interference. There are elements designed to satisfy all parties and in spite of considerable scepticism at the start it is now taken seriously as easily the best chance to bring peace in the region.

Some results have been achieved. The plan has led to *the first direct contact between* the Guatemalan Government and the indigenous leftist guerrilla *insurgency* in over 25 years; long stalled direct negotiations between the El Salvadorean Government and the umbrella guerilla organisation, FDR/FMLN, did resume although once again they have been temporarily broken off; and the Nicaraguan Government has been obliged to open up the political process inside Nicaragua and restore a measure of full press freedom.

More significantly, the Reagan Administration seems to have abandoned its initial opposition to the plan and *is* giving limited endorsement. This is not for entirely altrusitic motives.

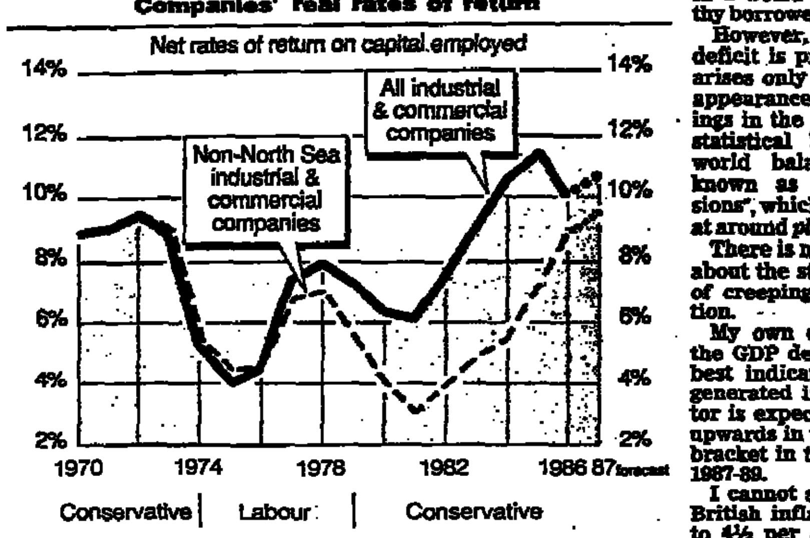
While the Arias plan *still* is on the table, with a chance of success, any move by President Reagan to push too hard for fresh funding for the Contras would knock it on the head, and the White House would undoubtedly get the blame for this. Thus US officials are trying to find formulas to hold off a decision on Contra funding until January, which now looks like the new date for compliance with the Arias plan.

It is possible that the plan *will ultimately* be reduced in scope, concentrating on Nicaragua. If the Reagan Administration recognises that *it risks* being rebuffed by Congress on Contra funding; if the Contras recognise that their bargaining strength may have reached its zenith; and if the Sandinistas accept that the war has brought the economy to its knees and undermined their support in the country, then there are sufficient incentives for concessions to be made.

These are large "ifs" but the Arias plan can and should be seen as an honourable means of allowing all the parties to step back from entrenched positions. However, one should never underestimate the extent to which both the US and the Nicaraguan Governments believe their vital interests are at stake.

Economic Viewpoint

Companies' real rates of return



Output per head of the employed labour force

Annual averages, percentage change

	1964-73	1973-79	1979-87
Manufacturing	3¾	¾	4
*Non-manufacturing**	3	½	1½
Whole economy	2¾	1	2
Non-North Sea economy	2¾	½	1¾

*Excludes public services & North Sea oil & gas extraction

Source: Autumn Statement

A budget policy for the world

By Samuel Brittan

THE CHANCELLOR's Mansion House speech mainly confirmed matters that we knew or suspected.But it is worth having them put on the record.

Let me put in my own words *what I think he was saying:*

*First,*he confirmed that the Group of Seven are holding *back further interest rate cuts* until there is a budgetary agreement between President Re*agan and congressional leaders.* The British interest rate cuts are simply a reversal of the pre*cautionary increase last August* when talk of overheating was at its height. But once a US fiscal *agreement* is reached, the Chancellor hinted at a "wider international accord" going be*yond interest rates.*

Secondly, he admitted, at last, the need for a small depreciation of the dollar below the Louvre levels. Much of what the finance ministers have in mind has probably already taken place in the markets.

The most remarkable feature of the speech was the almost emotional attack on the view that the US needs a free fall of the dollar - sometimes called in *high-brow circles an "over-devaluation"* - to make up for past policy excesses. Don Giovanni's descent to hell was nothing compared to what Nigel Lawson threatened US Treasury Secretary, James Baker, with if he dared to invoke the threat of free fall again.

Thirdly, the Chancellor confirmed, not merely the British Government's commitment to a stable exchange rate but "the particular importance" of the rate against the D-Mark. Can shadow membership of the EMS *go any further?*

Fourthly, behind some technical talk about funding and sterilisation, the Chancellor confirmed that the purchase of D-Marks and dollars would be reflected for the time being in an easing of British monetary policy.

If he and his fellow finance ministers had gone much further and accepted the advice of their own experts some years ago that intervention should normally be unsterilised - which means that foreign ex*change intervention would* automatically and always change domestic monetary policy to the full natural extent - we would all be better off.

The Mansion House speech came after the UK Autumn Statement which recorded the attainment of a near-balanced budget. The notorious British public sector borrowing requirement is now expected to be down to £1bn, or a quarter of a per cent of gross domestic product, in 1987-88.

The Treasury forecast assumes a similar PSBR for 1988-89. Unless there is disaster in the world economy, this figure *could still* be achieved even if the Chancellor carries out the £3bn of tax cuts which he pencilled in *for next year in the* Financial Statement accompanying his last Budget.

If, however, there were to be a world disaster, cuts of at least this magnitude would be necessary to maintain the growth of output and expenditure, even in nominal terms. Interest rate reductions, going far beyond the two base rate cuts Britain has had, would need to be supplemented fy fiscal measures.

But to be both prudent and effective, UK monetary and fiscal relaxation would have to be accompanied by expansionary measures in the world's surplus economies, namely Japan and West Germany, and in some of the other stronger countries.

For those of us who are not fiscal puritans, the biggest argument for a near-balanced budget *is* that *it* provides a launching pad for anti-recession spending or tax cuts which would *not be available if the* starting point were untenable - as it *is* in the US, or for that matter Italy.

Without privatisation, the PSBR for 1987-88 is estimated at £6bn or 1.4 per cent of GDP, still historically low. If the fiction that privatisation reduces government borrowing helps to bring about more rational macroeconomic policies, so be it.

The truth is that for all the many thousands of pages of words and algebra expended on the problem, there is a huge *margin of uncertainty about the* appropriate balance of the budget and how to measure it. The *rule of thumb that any deficit* should be "small" without defining small too closely - except in obvious and severe recession years - will do as well as many of the more sophisticated suggestions that I have seen.

The news that a blocking group of US Senators has emerged, large enough to uphold any presidential veto on protectionist legislation, is more important - for the British economy let alone the world - than anything in the Autumn Statement. It cannot be said too often that it was the Smoot-Hawley tariff *of 1930,* together with the bank failures, which turned the US stock market *crash of 1929-32 into a world depression.*

The Chancellor's statement underlined the difficulties of taking the present fall in share prices into account in official forecasts. The pale grey book which contains the Autumn Statement shows the British real growth rate dropping from 4 per cent in 1987 to 2½ per cent next year.

This compares with a 3 per cent *1988 forecast* made by Mr Lawson at the International Monetary Fund meeting in September. Inevitably, *the* Treasury has played safe by predicting some negative effects of the stock markets' fall, but nothing too horrendous.

The expected UK current balance of payments deficit of *£3½bn for 1988, up by £1bn from* 1987 because of a fall in the oil surplus, is still less than ¾ per cent of GDP and is chicken feed in a world short of credit-worthy borrowers.

However, the whole payments deficit is probably a fiction. It arises only because of the disappearance of overseas earnings in the British share of the statistical black hole in the world balance of payments, known as "errors and omissions", which have been running at around *plus* £7bn per annum.

There is more reason to worry about the stubborn persistence of creeping or crawling inflation.

My own concern focuses on the GDP deflator, which is the best indicator of domestically generated inflation. The deflator is expected to edge slightly upwards in the 4 to 4½ per cent bracket in the two fiscal years, 1987-89.

I cannot see the core rate of British inflation going below 4 to 4½ per cent, except in the context of a formal sterling link with the D-Mark, most likely to be achieved via the European *Monetary System.* Membership of the EMS would also give British ministers the *locus standi* they do not now possess for lecturing the West German authorities on monetary and fiscal policy.

The most interesting feature, however, of the pale grey book is the analysis of past British performance, which is in any case more rewarding than crystal-ball gazing.

There is, for instance, a table comparing the average annual growth of labour productivity *over the period 1964-73, the last* golden age before the oil crisis, the years 1973-79 and the Thatcher era, *1979-87.* These periods are carefully chosen to cover one or more complete business cycles and thus supply some necessary perspective.

The comparisons do not destroy all Thatcherite achievements, but they do pour cold water on some of the triumphalism.

If we look at the whole economy, productivity growth since 1979 has been much higher than *in the last Labour period, but* less than in the golden age up to 1973, which included governments of both parties. If we exclude North Sea oil, productivity growth in the rest of the economy fell from 2¾ per cent per annum in 1964-73 to ½ per cent in 1973-79 and recovered to only ¾ per cent in 1979-87.

The most recent estimate may be too pessimistic, as the pale grey book reminds us, because *of the large increase in* part-time employment outside manufacturing during the Thatcher period.

But it would take more than the impact of part-time workers to make up for all the output loss associated with the enormous rise in unemployment from 1.1m to 2.7m over the period 1979-87.

To make good the output loss *from the jump in unemployment* - without speaking of the human costs - would require a good many more years of reasonably fast growth of total output. The best sign that this might happen is in the recovery in the real rate of return of non-North Sea oil companies. This has gone further and been much more prolonged than during the previous recovery of the late 1970s.

Nevertheless, any hope of making up for the output lost in the last eight years lies in the *future. Thus, after two terms,* the jury is still out on the economic performance of the Thatcher Government.

THURSDAY BOOK REVIEW

L'Ambition Internationale

By Lionel Stoleru

Le Seuil : F.Fr. 110

WHEN THE right returned to power in France on a platform of free-market economics 18 months ago, the event was widely regarded as a watershed. But it prompted then, and has continued *to prompt,* the sceptical question: Do they really mean it?

Historically, what with Colbert and one thing and another, France has never been a natural home of free-market economics; the current political leadership was entirely conditioned by a background of protectionism, nationalisation, interventionism and *le plan;* and the innuendo of recent Socialist attacks on the privatisation process is that it is little more than *a variant on the old conspiracy* between right-wing politicians and right-wing businessmen. As may be imagined, the question whether they really mean it has been asked with even greater force since the eruption of the international stockmarket crisis.

It is, no doubt, precisely because the question is solidly based on the history and the psychology of France, that Lionel Stoleru has produced his L'Ambition Internationale.

As an economics *fonctionnaire* and Minister under President *Giscard d'Estaing during the* 1970s, he has no doubt a good idea of the intellectual instincts of Messrs Chirac and Balladur, but he does not attempt a reassuring direct answer to the question. Instead, as if to dissuade the right from back-sliding or the left from criticism, he argues a (more interesting) version of the proposition long familiar from Mrs Thatcher: There Is No Alternative.

More interesting, perhaps, because as a Frenchman he feels the need to argue the case more comprehensively from square one. What he has given us is one of those books which seem quintessentially French: a bold hybrid, between an economic tract (with some differential equations thrown in to impress the groundlings) a journalistic romp around many of the most familiar politico-economic totems of the past few hundred years, and the whole thing laid out on a set of symmetrical frames to persuade the reader that the author's thesis really is as simple and as conclusive as that.

The thesis contained in the title is that the world has changed irrevocably, especially since the oil shocks of the 1970s, and that we must change our *thinking in line with it. It no* longer makes sense, he argues, to think in terms of national am*bitions and national policies,* which alas are buffeted by international constraints: on the *contrary, the time has come to* think in terms of international ambitions (ie competitive survival *on world markets)* which are limited by national constraints.

At a very basic level, perhaps, the proposition is rather *obviously true,* when measured by the growth of world trade, the globalisation of world markets, *first for goods and then for financial* services, and the interdependence of national economies. Collectively, we in the West have willed this evolution, because it has seemed advantageous; but only a few of the nation-states yet seem prepared to will the consequences for national policy.

As Stoleru points out, "Every country has the free choice of an *international ambition,* to play the international game; and it is also free to withdraw *from it, if it is prepared to pay* the economic costs of withdrawal."

But Stoleru's schema is much more comprehensive than this simple verity. What we have lost, he *tells us,* is a large number of other certainties: the certainty of Keynes and conjunctural management, of Friedman and monetary management, of Ricardo and international specialisation, of Beveridge and the protective state, of Marx and planning, and of Descartes and the simplification of difficulties.

Some may think this catalogue appears *to consign too* much to the dustbin, and I dare say Stoleru would agree: he *would perhaps be satisfied if,* as a pamphleteer, he had persuaded people to re-examine *some of their intellectual furniture.*

Every page is stimulating, and some are downright funny. Here he is on the declining plausibility of French planning: "As from *the 7th Plan,* we began *to sink* into the unreal. In the middle of the crisis, the planners considered *two scenarios,* 5.5 per cent growth, and 4 per cent, both being entirely unrealistic.

"At this point we passed from the unrealistic to the surrealistic. Everyone saw that the 4 per cent scenario implied 1m unemployed; inadmissible. So everyone agreed to reject it and adopt, *in general cheerfulness,* the 5.5 per cent scenario. This vainglorious *('cocorico')* wishful *thinking ended* lamentably, with 2.5 per cent growth and 1.5m unemployed."

I am not sure that Stoleru has any very original recipes to offer for the world of economic interdependence. But it is perhaps salutary to read his central judgment: "It is high time to recognise that the crisis, if there has been a crisis, is over and that we are living, whether *we like it or not, in the normal* conditions of what will be the world of tomorrow."

Undoubtedly there are many people in France, both in politics and in business, who still dream (like the rest of us) of a cosier and more manageable world. Stoleru makes it a bit more difficult to believe in the dream, and he does so in terms that are both entertaining and optimistic.

Ian Davidson

Men and Matters

Whiff of failure

Thousands of smelly letters involved one of the Official Receivers *in London in* a management crisis yesterday.

They contained an offensively *odorous cosmetics culture,* and were posted to him by investors in three companies now facing debts of more than £1m.

The companies had supplied their investors with a culture powder as the basis to make home-produced cosmetics, to be sold to customers through a franchise system.

The stink has caused a double headache for Official Receiver, D. E. Dolman, whose offices are *at Atlantic House,* Holborn.

The Post Office has refused to deliver any more mail. Meanwhile his own staff is refusing to handle the 30 mail bags of fragrant letters already delivered.

When Dolman was appointed as provisional liquidator of the three companies - Circlerose of Edgware, Venida Cosmetics of Bedford Row, Holborn, and Halestore of Regents Park Road, Finchley, - he sent letters *to investors instructing* them not to send their cultures to him.

But the letters went out by second-class post and were slow to arrive. All this week investors,ignorant of the *instruction,* have been sending in the culture by post.

"The situation is very worrying", says Dolman. "The smell of the unopened letters is upsetting my staff and now we have this delivery ban by the Post Office. I am at my wits end to know what to do for the best".

"Bit of a change from the futures market,Roger."

Soul stirring

In the high-priced world of Paris jewellery, image is all, but the ancient house of Chaumet *has seen its image clouded* recently by the stigma of bankruptcy and the fraud charges filed against its former directors.

To restore Chaumet's good name, its new owners - the Arab-backed financial group, Investcorp - have called on Jean Bergeron, who has become *principal drum-beater for top of* the range French luxury goods.

Former development director of the spectacles group, Essilor, Bergeron now heads the Colbert Committee, which groups into one elegant lobby the leading jewellery, perfume and haute couture houses of Paris.

He is, therefore, no stranger to the colonnades of the Place Vendome, where the shuttered windows of Chaumet, closed in *the last few days for stock-taking,* have jarred with the discreet opulence of the interna*tional banking elite,* the Ritz Hotel and the French justice ministry - whose present incumbent, Albin Chalandon, has suffered both financially and politically from the fall-out of the Chaumet *affair.*

For Investcorp, which has paid over FFr410m for Chaumet *and its sister company Breguet,* the watchmaker, the aim is now to get the company back to the business of creating new jewellery and to expand in the Far East and the US.

Bergeron, meanwhile, has set himself the goal of "giving back to Chaumet its reputation, its creative image and its soul."

More security

It clearly takes more than a stock market crash to deter Canadian securities firm, Richardson Greenshields, from hiring.

The company will this month add to *its roster* former Ontario Conservative party leader, Larry Grossman, in the role of senior vice president and director responsible for investment banking.

Grossman's political career came to an abrupt halt earlier this year when his party suffered a landslide defeat at the hands of David Peterson's all-conquering Liberals. To rub salt into the wound, Grossman *lost the Toronto seat his family* had held since 1955.

Snail's pace

French snail breeders be warned. A dozen ambitious Welsh farmers want to see their snails on the tables of Paris restaurants from next spring.

Bad summers over the past three years have cost French snail-farmers dearly. Dave *Jones,* who *is* busy setting up a fast-breeding plant in Pontypool in South Wales, says the *French have only themselves* to blame: "Their methods are too antiquated. All they do is put a crop out into a field in April, then wait for the snails to breed.

Out of step

Soviet officials are being despatched to the West to spread the word that Mikhail Gorbachev's perestroika (restructuring) and glasnost (openness) are go*ing ahead full steam. But not all* of them really have their hearts in the mission.

One elderly Soviet central committee official sent to West Berlin this week turned out to be a left-over of the Brezhnev era. He defended Stalin as a war commander although the Soviet leader's wartime role has been strongly criticised in the Soviet Union. 'Unfortunately,' he said, he had no statistics on the number of Soviet citizens who died under the late dictator's arbitary rule.

The *official* was also non-committal on whether Nikita Kruschev's famous speech in Octo*ber 1961 on Stalin's crimes* would finally be published in the Soviet Union. The main thing he said was that the 'experts' would be given access to it.

As for Trotsky, the official noted that he was the son of a 'sugar baron, a millionaire'. It was Lenin (whose father was a nobleman) not Trotsky, he insisted, who set up the Red Army in which Trotsky played only a *'certain role'.*

The Welsh want to give nature a helping hand. They say special hothouses will enable them to breed snails faster and all the year round. And they hope *to build* a processing plant in the Principality for freezing and canning the beasts.

Hothouse snails have a short lifespan. At the tender age of *four months,* they are thrown, alive and squirming, into boiling water.

Perhaps the French gourmets will not be able to taste the difference. As Jones admits, the fast-breeding snails he *is* relying on to build up his colony come from across the Channel.

Given the bird

Sell orders for the "night-owl" stock I wrote about yesterday provoke a different response in Guernsey.There,I am told, the usual reply is:"Twit.To who?"

Observer

In the clutch of corporatism

WEST GERMANY'S Banking and Insurance Workers' Union is threatening pre-Christmas strikes to dampen some liberal politicians' ardour for changing laws which prevent shops staying open after 6.30pm.

German gravel companies seeking to move their products on Rhine barges often send shipments to the French side of the river first, to escape the high domestic transport charges laid down under federal regulations.

Mr Lothar Spaeth, premier of the southern state (Land) of Baden-Wuerttemberg, has promised to fight the Bonn Government's plans to reduce tax-breaks which help car production workers acquire one of their company's vehicles. The move would hit workers at Daimler-Benz, one of the pillars of the state's economy - and Mr Spaeth faces re-election next year.

The three cases illustrate the interlocking web of interest groups which run the West German economy, and - it sometimes seems - the Government as well.

Pooling of forces is a German characteristic which has its roots in the craft associations and guilds of the Middle Ages. West Germany now boasts 200,000 clubs and federations ranging in size from the 15m-strong German Sport Federation to the Scent Makers' Association with three members. Thirteen hundred organisations are accredited in Bonn, with 400 running offices in the federal capital.

The pressure that the lobbying groups can exert on the levers of political power is a major factor in explaining why the breath of liberalism promised five years ago by the Christian Democrat (CDU)-led Government very soon turned wheezy.

According to Professor Karl Schiller - who was Social Democratic Party (SPD) Economics Minister between 1966 and 1972 and also held the Finance Ministry portfolio in 1971/72 - the fragmentation of public opinion into interest groups is much stronger than 20 years ago. "Economic policy is made much more difficult because at every step someone will get up and protest."

Prof Gerhard Fels, president of the Institut der deutschen Wirtschaft, an economic research institute linked to the Confederation of German Industry, says: "Germany has always been the land of cartels, under the Nazis and in the Weimar Republic. Now we have become again what we have always been - corporatists."

The German model under strain

In the second of two articles, David Marsh sees a political system stifled by interest groups. As a result, he says, high unemployment and regional disparities are locked in

He says the Government has reduced the share of budget spending in the economy, and some taxes have been cut; but he adds a "sin list" - including aerospace, telecommunications, steel and transport - where regulation has either been increased or has not been rolled back. "I cannot see that the market economy has been strengthened," he comments.

Lack of progress on deregulation has been accompanied by growing concentration in industry. Mr Wolfgang Kartte, head of the Federal Cartel Office, polices anti-trust laws which are among the toughest in the industrialised world. He says concentration has not, overall, impeded competition because it has been accompanied by a progressive internationalisation of markets, especially in high technology.

But he adds that the country has to monitor the impact of large mergers, such as the takeover by Daimler-Benz of AEG, the electricials group. "Domestically, we have companies getting bigger all the time - so big that one could say we don't know who is governing whom."

Prof Erhard Kantzenbach, who until last year headed the Government's advisory Monopolies Commission, says the gulf in the economy between "insiders and outsiders" - those on the inside of organised, regulated markets or sectors and those (such as the unemployed) who are outside - has clearly widened over the past decade.

He blames high and stagnating unemployment partly on the corporatist behaviour of employers and unions. This, he says, has prevented a "compromise solution" for unemployment under which employers would have taken a more constructive attitude towards cuts in working hours and unions would have modified wage claims decisively.

According to the Kiel economic research institute, one of the main critics of the Government's lack of progress in liberalising markets, only about half the West German economy is free of state regulation. "The Germans are for order in everything," sighs Prof Juergen Donges, the institute's vice-president, "including war."

German corporatism has a long history. When the federal republic was created in 1949 it took as its birthright the socially orientated market economy inspired by Mr Ludwig Erhard, the country's first Economics Minister and the architect of the famous 1948 reforms scrapping controls throughout the economy.

Both the continuing West German commitment to free world trade in goods and capital, and the anti-cartel legislation of the 1950s - a decisive break with the industrial trusts built up before the war - bear the Erhard hallmark. But the federal republic also inherited corporatist economic features developed during the 1920s and 1930s.

The legal basis of the West German system of collective bargaining, under which employers and trade unions work out settlements on an industry-wide basis, dates back to 1918. The law setting the regulatory basis of the electricity industry goes back to 1935, although its roots were in the Weimar Republic. It lays down the obligation for utilities to provide near-absolute security of supply. This is one of the reasons behind present over-capacity and minimal competition in the West German generation and grid network.

Strict regulation of the transport industry - one of the areas where West Germany faces greatest difficulty in adapting to European Community plans for a genuine internal market in 1992 - also date from the 1930s. High road tariffs, levied to protect the pre-war railways, are now a growing impediment to flexible movement of freight.

Mr Harold Schwarick, a transport expert at Heidelberger Zement, one of the country's leading cement companies, says the transport regulations "restrict our ability to react to short-term market fluctuations." So far, he says, road hauliers "are not ready for dialogue" on trying to ease the regulations.

The union-employers wage bargaining system avoids fragmented wage conflicts and wildcat strikes of the sort which used to plague industrial relations in the UK. It has traditionally been viewed as one of the strengths of the "German model." But this has now changed. A system which has, in practice, become heavily centralised, restricts ability to adapt wage settlements to local productivity conditions. It has been vividly thrown into question by the growing economic divide between the more prosperous southern states and the old industrial regions of the north.

"Why should a wage for an IG Metall worker in a place like Baden-Wuerttemberg, the California of the republic, also be valid for a man in the docks up north?" asks Prof Fels.

One of the reasons why employment has been stagnating, in spite of five years of gradual economic recovery, is that employers are deterred from taking on new staff by regulations which impede the shedding of labour.

In its last legislative period, the Government pushed through measures enabling employers to take on workers on more flexible contracts. And despite powerful opposition from the unions, it brought in legislation to make the financing of strikes more difficult.

Meanwhile the goal of a 35-hour working week, set by the IG Metall metalworkers' confederation, has been picked up by a range of other important unions. In 1984 IG Metall led a seven-week strike which won a cut in working hours from 40 to 38.5 a week. In April it won an agreement to bring in a 37-hour week by 1989, as part of a three-year pay agreement which is expected to put up hourly rates by around 12 per cent by 1990.

Overall, West German workers have achieved only moderate rises in real wages during the 1980s - in contrast to the explosion in real wages during the 1970s, especially at the beginning of the decade.

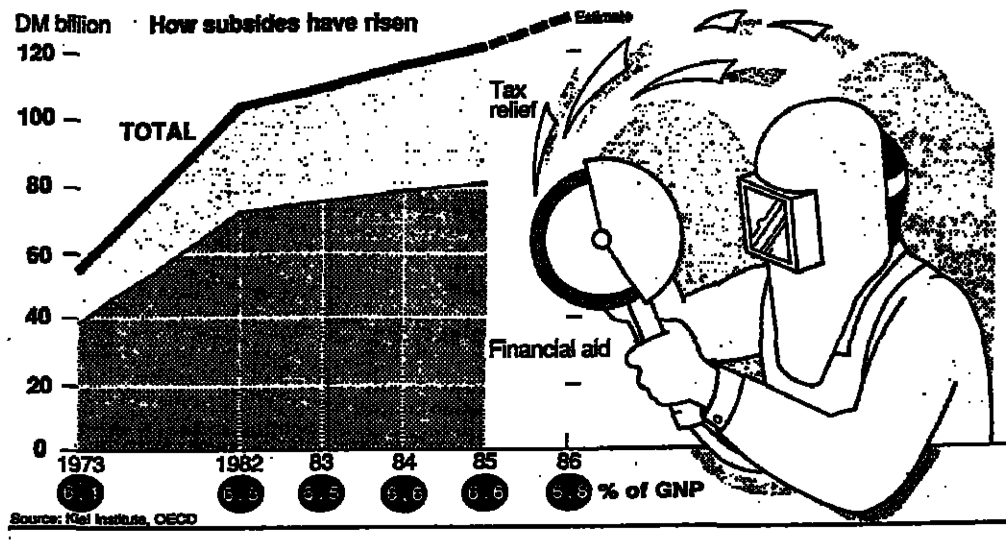
Although the Government plays no direct part in the wage bargaining system, the general system of political consensus means that administrations of whatever political hue cannot ignore the unions. And after the right's disappointing showing in the January general election and a succession of Land elections this year, the Kohl government has been particularly keen to win over SPD working-class voters.

This was one of the reasons why unions and employers were able to win government financial support this autumn for expensive redundancy payments to 35,000 steelworkers as part of the industry's run-down. Similar arrangements will probably be approved soon for about 30,000 coal miners.

The increasing fragmentation of the political landscape, and Bonn's constant need to take account of its standing in Land elections, probably mean that the Kohl Administration will continue to tie its policies to appeasing interest groups on both left and right.

"The parties are competing with each other to get the highest marks. The CDU wants to be the best SPD of all time," says Mr Ronaldo Schmitz, finance director of BASF, the chemicals company.

According to Prof Schiller: "The CDU is moving more in the direction of the former centre parties, propounding the need for the welfare state and social security. It does not seem to be the party of Ludwig Erhard any more."



Source: Kiel Institute, OECD

Breakdown by market sector

	DM billion
Agriculture	20
Mining	1
Manufacturing	13
Construction	0.7
Commerce	1
Transport	19
Communications	2
Banking/insurance	2
Housing	20
Private non profit institutions	21
Other private services	12
TOTAL	120

Source: Kiel Institute

JOE ROGALY

Big Nanny - or Big Daddy?

FOLLOWING Lenin, conservative governments around the world are proclaiming their belief in the desirability of the state withering away. The less that is done by big government, we are told in Washington and London (to name but two), the better. Never mind the little difficulties that the Reagan and Thatcher administrations are having in putting this precept into practice, consider the theory. In its most idealistic form, it is that we should work towards the day when the barest minimum is collected in taxation, sufficient only to finance defence, policing, some infrastructure such as roads, and the administration of the rule of law. That would leave social security, which purists would transform into self-funding insurance - plus what Americans call welfare and the British change the name of every time they recoil from its cost: poor relief before the first world war, national assistance after the second, supplementary benefit now and income support next year.

It is at this point that the theory runs into muddy waters. Useful citizens - those not dependent upon welfare/poor relief/income support - will exercise their freedom by spending or saving the money that they have not paid in taxes. They will make their own choices about what to buy for themselves, be it a new house, or a new personal pension policy. To them, the less the state does the better. The others, the "underclass" in current American jargon, present a problem. You can give them enough money to get by on and thus allow them to make their own choices, just as fee-paying citizens can. Call this the Big Daddy theory. Alternatively, you can give them support in kind, like food stamps in the US or free blankets in Britain. The state becomes Big Nanny. Whichever you choose, there is not much withering away.

One American response to this conundrum is to introduce "workfare". This seems sensible. It can be hard - as in states in which welfare applicants must accept employment, however low-paid - or relatively soft, as in states that offer a more sophisticated set of options, including training for suitable work, and an element of choice of which job to accept. The British Government, with its job training schemes and its lower social security benefits for the young, is clearly introducing soft workfare by stealth, without having the courage to admit it.

Drawing people out of the underclass, is not, however, a complete solution. There will always be a sizeable chunk left. This will comprise those whose only pension is what the state provides, the severely disabled and mentally handicapped, the long-term unemployed, blacks who are sent to the back of the queue for jobs, and the like. Depending upon your definitions, this worst-off sector is likely to comprise between a fifth and a quarter of the population. Care for them is a continuing responsibility of the community - i.e. the state. The British Government has not always recognised this. Yesterday's report from the National Audit Office ("Community Care Developments" HMSO) confirms that it has so far failed to finance its policy of caring for more people in their own homes as opposed to institutions.

When it does care, which is it to be - Big Nanny or Big Daddy? The increases in benefits announced last week were mostly predicated upon the theory that recipients should manage their own budgets, finding a bit for rates or the new poll tax (the very poor must in future pay 20 per cent of the latter on the basis of a notional, but sadly inadequate, portion of the upratings). And the new Social Fund, which will finance one-off needs such as furniture, will in the main provide discretionary loans rather than, as now, statutory grants. Enter Big Nanny. She will have to decide who deserves the loans. She will be needed to guide recipients in budget management so that they can repay them. She will have to ensure that total Social Fund spending is within the limit set by Big Daddy. At least if the loans were grants, as they should be, she would have less to do.

But, contrary to current conservative libertarian dreams, she will always exist.

Letters to the Editor

Air competition

From Mr Adrian Thompson

Sir, It was amusing to read the letter from Air UK's Managing Director (October 31) about the crucial need for competition.

Although this desirable principle seems to be advocated by the present government, the truth is that Air UK and others are being supported by Ministers, the Civil Aviation Authority and even regional airports, in preserving their own many-route and other service monopolies. New but technically competent entrants face open obstruction and much worse at every stage for reasons which are only too obvious.

For example, Capital is intent on obtaining a route licence to operate Belfast to Leeds/Bradford. Earlier this year Air UK, the CAA and an appeal to the Secretary of State for Transport combined to block our new service which would have provided some choice against Air UK's existing profitable monopoly. There is another public hearing on December 8 and 9, and we are awaiting the Air UK and CAA response with interest.

It is the outcome of route applications such as Capital's which are a more reliable indicator of reality than any amount of political and industrial posturing.

Adrian Thompson,
General Manager, Capital Airlines,
Leeds/Bradford Airport,
Yeadon, Leeds

The BA-BCal merger

From Mr R. M. Powrie

Sir, It is easy to understand BA's desire to strengthen its competitive position against the US mega carriers, but difficult to see how acquisition of BCal would be much help.

Mr Hanscombe (letters, October 30) rightly questions whether size per se is critical. Even if it is, the US majors are roughly three times the size of BA; addition of BCal would have a negligible effect on this ratio.

BA will have difficulty in extracting even modest scale economies from the merger: on the commercial side, preservation of BCal's identity may not extinguish the savings but it will limit them severely. Technically, it is difficult to conceive of two worse-matched fleets. Between them, BA and BCal are committed to an immense variety of airframes and engines. This can be expected to place very heavy and unrewarding burdens on senior engineering and finance management and is in stark contrast to BA's eminently rational addition of Rolls Royce-powered 767s to their own fleet. Any attempt to backtrack on BCal's commitment to A320s would produce a political row of the first order, given the aircraft's important UK content.

The merger also fails to address the one comparative advantage of the US majors which is open to attack. Operators on the North Atlantic use similar aircraft, charge similar fares and pay the same for fuel and services. But a large US airline can expect to sustain separate economic routes to points in Europe from three or more domestic centres, whereas the Europeans' flights will normally have only one major domestic origin, usually the national capital. A US major will thus be able to build up far more traffic through each of its European stations, than BA or any other European can hope to achieve through US cities. (American Airlines' strategy at Manchester is a classic illustration.) It is always difficult for an airline to load its overseas facilities satisfactorily, and their greater throughputs will give the US operators a significant cost advantage. In the present regulatory structure, only international mergers within Europe will negate this.

Looking further ahead, the European Commission and a number of governments would probably oppose any international merger involving an airline which was the major operator at both Heathrow and Gatwick. Far from helping the development of fully competitive airlines based on this side of the Atlantic, the BA-BCal merger could turn out to be a hindrance.

R M Powrie,
Brookfield, Bells Yew Green,
Tunbridge Wells

Risk management by underwriters

From Dr Gordon Gemmill

Sir, I am surprised by the concern, which has been widely expressed, about the approximately $100m losses faced by each of the four large American investment banks which have been underwriters to the BP offer. These same banks - Goldman Sachs, Morgan Stanley, Salomon and Shearson Lehman - are famous for their ability to design risk management packages for their customers. Surely they must apply the same principles to their own exposures? In particular, as the market fell they could have sold BP shares, bought put options on BP, written call options on BP or sold FTSE 100-index futures. The hedge would have been partial as the market fell so fast, but a partial hedge is better than none.

If none of the above procedures (or others) was used, one must conclude that the underwriters accepted the risk. While it is unfortunate that the risk was parger than they, or the issuers, had expected, that is also irrelevant.

Gordon Gemmill,
The City University Business School,
Frobisher Crescent, EC2

Workings of the proxy system

From Mr Clive Rust

Sir, After the tumultuous extraordinary meeting of TSB on November 2, many small shareholders were distressed to discover that in appointing the Chairman as proxy, an individual shareholder is appointing him to vote not merely on a list of motions likely to arise at the meeting but on any other motions which might be proposed at that meeting.

This fact was set out on the Form of Proxy cards sent to shareholders, but was couched in such a way that it was only when read out by the company secretary, Mr Rowland, at the extraordinary meeting that small shareholders appreciated its significance.

The wording on the card was fairly standard, but at a time when the Government is promoting wider share ownership, it would help lay shareholders to understand the working of the system if it were spelt out more clearly.

Clive Rust,
295 Lonsdale Road, SW13

ITC behaviour

From Mr T. G. Lock

Sir, In his speech to the Insolvency Practitioners Association, Mr Francis Maude, Corporate and Consumer Affairs Minister, claimed that 50 company directors had been disqualified from running their businesses under the law introduced last December to protect creditors and shareholders from sharp practice.

May I urge him to turn his attention to the 23 civil servants who were the "Board of Directors" of the International Tin Council, who, operating in secrecy, instructed their "Chief Executive" (Buffer Stock Manager) to continue to enter into commitments even though they had been warned by him that they did not have the financial resources to meet those commitments.

The 23 governments behind the civil servants are fighting in the courts to prevent the issues of fraud and misrepresentation on their part coming to trial. They are expending further substantial sums of taxpayers' money, using legal arguments based on immunity and inviolability.

To quote Mr Justice Millet, the ITC is behaving "more like a disreputable private debtor concerned only to hinder and delay its creditors than the responsible international organisation it claims to be".

If Mr Maude needs a further pointer, Mr Justice Staughton said in June 1987, " I feel bound to say that if the conduct of the International Tin Council in borrowing £10m seven to 10 days before it collapsed had been that of the ordinary commercial trader, I should have expected an enquiry as to whether there had been serious breaches of the Companies Act". The Department of Trade & Industry is the body that investigates improper conduct. Mr Maude's claims for their success merit a cynical reception while double standards are employed by regulators who do not pracitse what he preaches.

When can we expect some action from Mr Francis Maude?

T G Lock,
Amalgamated Metal Corporation,
Adelaide House,
London Bridge, EC4

Avoiding destabilisation

From Professor John Pick

Sir, In his "Letter from America" on Radio 4 this morning (November 1) Alastair Cooke said that no one in the financial world or in Government seems to know how to reverse the destabilising effects of the new world-wide computerised trading on international stock markets.

May I, as an active investor, although not a professional in finance, suggest a simple expedient for discouraging excessive destabilising trading: the imposition of a tax on share transfers between market makers.

The imposition of a capital gains tax on any institutional funds currently exempt could also have a stabilising effect. Applied to the sale by institutions of shares held for less than, say, five years, it would have the additional benefit of encouraging them to play an ever more positive role in supporting the long-term performance of the companies whose shares they own.

Such measures would be far more effective if they could be introduced simultaneously by governments in London, Washington and Tokyo. The risks inherent in the present situation might perhaps provide a sufficiently powerful incentive for concerted action of this kind.

John Pick,
72 Sherifoot Lane,
Sutton Coldfield,
West Midlands

FINANCIAL TIMES

Thursday November 5 1987

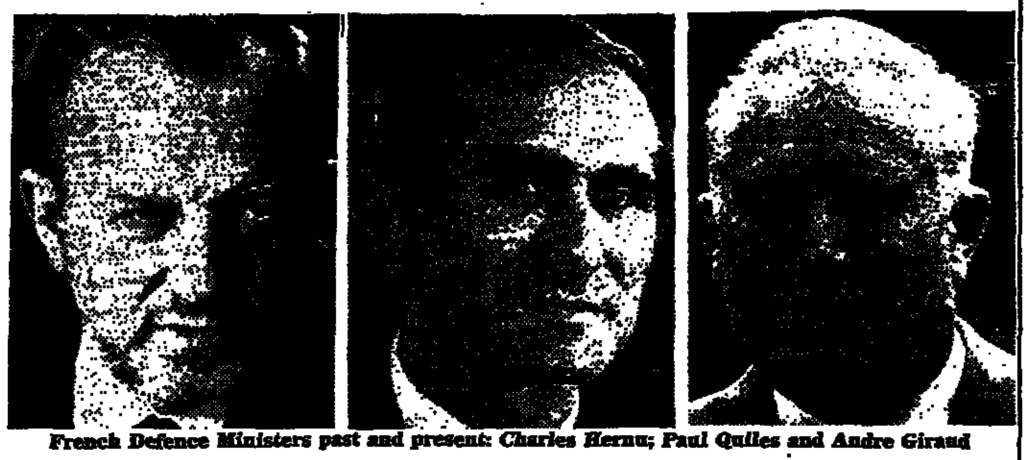
Ian Davidson in Paris studies the wave of political scandal that threatens reputations

Turn of screw for French Socialists

THE WAVE of political scandals which has dominated the headlines in France since the summer holidays has reached a new peak with the publication of fresh allegations over the tale of illegal arms shipments from France to Iran between 1982 and 1986.

And the latest twist is likely to add significant damage to the Socialist Party which was in government at the time.

The Luchaire affair, as it has been called, centres on allegations that arms sales took place with the connivance of Defence Ministry officials and may also have involved the diversion of substantial commissions to the Socialist Party.



French Defence Ministers past and present: *Charles Hernu; Paul Quiles and Andre Giraud*

The second allegation, if substantiated, would provide several uncanny parallels with the Irangate scandal which marked a decline in President Ronald Reagan's reputation.

Whether the cumulative effect of this scandal, together with the others, will be similar in France is uncertain. But the mud-slinging and media manipulation - which are the outward signs of the scandals - suggest that next spring's presidential campaign is liable to become increasingly dirty.

The bare bones of the Luchaire affair are that more than 500,000 shells had been shipped by the Luchaire company to Iran between 1982 and the beginning of 1986; that President Francois Mitterrand and Mr Charles Hernu, who was then Defence Minister and who later resigned over the Greenpeace scandal, were informed in May 1984; and that Mr Jean-Francois Dubos, a member of Mr Hernu's cabinet, appears to have played a central role in facilitating the shipments, despite the official ban on arms sales to Iran.

Until yesterday, significant elements of the latest additions remained at the level of rumour and scandalous allegation, even though different newspapers making different assertions claimed to be quoting from the same secret Defence Ministry report.

This report, commissioned after last year's elections by Mr Andre Giraud, the Defence Minister, was classified as confidential and could not be used by Mr Jean-Francois Barba, the investigating magistrate. Yet it was published in full yesterday morning by the Figaro newspaper and declassified by the Defence Minister that afternoon.

The inference is that this scandal has been deliberately leaked by interested parties for political purposes. One week the newspaper headlines will appear to be orchestrated by Socialist sources to discredit the Government; the next the stories will apparently be aimed by government sources to discredit the Socialists.

Some of the basic facts about the Luchaire affair have been known since February 28 last year, when a Cherbourg newspaper revealed that various shiploads of munitions despatched in 1985 by the Luchaire company, and officially destined for Portugal, Brazil, Thailand and Pakistan, had ended up at Bandar Abbas in Iran.

Thirteen days later, at the last possible moment before the elections, official charges against the Luchaire company were laid by Mr Paul Quiles, the Defence Minister, who had taken over the post in September 1985 from Mr Charles Hernu.

In April 1986 Mr Andre Giraud, the new Defence Minister, set up an internal inquiry, and it is the result of this investigation which has now emerged to the Socialists dismay.

However, the detailed allegations against the Socialist administration remain something of a mystery.

The Barba report also casts a very unflattering light on the effectiveness of French procedures for controlling arms exports.

Arms exporters, in principle, have to go through elaborate hoops before they receive official authorisation.

But in practice it appears that *it is not too difficult to circumvent* the rules - with a combination of false documents and political influence in the cabinet of the relevant minister.

But other scandals have also occupied the French media.

One week last month the headlines concentrated on the Nucci affair, in which it has been alleged that a Socialist development minister diverted aid funds for election expenses.

The next week the headlines revealed, in a new twist, that Mr Albin Chalandon, the Justice Minister, had had much closer links with the bankrupt jewellery house Chaumet than had previously been suspected.

The Chalandon-Chaumet episode provided a peculiarly transparent instance of synergy of the media with the political parties in reporting the scandals. Le Monde newspaper (traditionally regarded as left-of-centre) alleged that Mr Chalandon had had a current account with Chaumet which, considering that Chaumet was not entitled to offer a banking service and that he was Justice Minister, was peculiar.

Almost immediately the judicial administrator in charge of the affairs of Chaumet issued a communique denying Le Monde's version of events. A week later Le Monde alleged that the exoneration had only been included in a second draft *of the communique at the insistence* of Mr Chalandon's cabinet.

Le Figaro (regarded as right-wing) then published a new story. Yes, *there had been two versions* of the communique, but both had discredited the Le Monde reports; and yet the Figaro riposte was significantly *unable to shake Le Monde's* continued insistence that the judicial administrator had been under political pressure to adjust his communique to the interests of Mr Chalandon.

Moderate politicians of every party have protested against the political manipulation of these various scandals. And perhaps it is the political discredit which is most serious.

If there are circumstantial indications of politico-financial corruption, as in the Nucci case and in one version of the Luchaire case, it is at least partly because France does not have effective laws governing the financing of its political parties.

The problem is that the conservative parties have easier access than their Socialist opponents to legitimate private finance. The conservative parties may also believe that they stand to lose less than the Socialists if the pressure of the scandals is maintained at the level of recent weeks.

But it does not bode well for the presidential election campaign, or for the reputation of the country's political parties.

Reagan and European ministers unite on arms treaty

By David Buchan in Monterey and Robert Mauthner in London

THE POLITICAL fight for Senate ratification of the prospective US-Soviet pact pulling medium-range nuclear missiles out of Europe began yesterday, as *President Ronald* Reagan and Nato defence ministers separately issued strong endorsements of the missile pact.

But Mr Caspar Weinberger, the retiring US Defence Secretary, warned that the possibility "could not be overlooked" that US senators might reject the treaty or attach to it reservations that would require its renegotiation with Moscow.

The draft treaty on intermediate nuclear forces is expected to be signed at a summit meeting of President Reagan and Mr Mikhail Gorbachev, the Soviet leader, in Washington on December 7.

Speaking on cable television to Europeans, Mr Reagan yesterday addressed those who feared that the US and its allies would start to drift apart as the result of an INF treaty. He emphasised that the "unshakeable" US commitment to the defence of Europe was underlined by the presence of more than 300,000 American servicemen in Europe and Washington's "steadfast nuclear guarantee."

Nato defence ministers stated unanimous support for the draft INF treaty in a communique concluding their Nuclear Planning Group meeting in Monterey, California. They said: "We look forward to the prospect of a verifiable INF treaty being signed and ratified in the near future".

The prime political aim of the Nato meeting was to try to ensure, even at *this late stage,* that the many reservations and criticisms which Europeans had earlier expressed about aspects of the long INF negotia*tions should not now be used* against treaty ratification.

Lord Carrington, the Nato secretary-general, said that all European governments now *supported the draft treaty, and* that for US opponents of the treaty to state otherwise "would not be a legitimate argument".

He also stressed that while Nato had plans to modernise and reinforce Europe-based nuclear artillery and missiles not covered by the INF treaty, there would be "no circumvention, no cheating and arms control considerations would always be borne in mind".

Mr Weinberger showed a candour about the unpredictability of US Senate behaviour that was perhaps related to his imminent release from the constraints of government office.

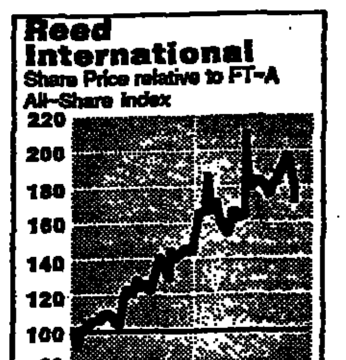
He warned that the INF treaty could be blocked by only 34 out of 100 votes in a Senate which he did not deny had a poor track record for endorsing arms control accords.

He believed, however, that Senate opponents or sceptics would change their minds once they saw the fine print of a signed INF pact.

THE LEX COLUMN

Cold comfort for the markets

It was rather a sombre City which the Chancellor had to address with last night's Mansion House speech, and he had little cheer to offer. Exhorting the US Administration to show political will serves only as a reminder of the UK's limited ability to deal with the real problem directly. As for his chastisement of the market for worrying at once both about extra liquidity and the funding required to mop it up, the market can scarcely be blamed for concern over two equally unpleasant alternatives.



Equities

The market was divided on the *reasons for yesterday's cut* in base rates, but united on dismissing it as irrelevant. Economic management is at present seen as an American issue which the UK authorities cannot do much about. Besides, the market's more pressing worries have to do not with economic management but with ready cash.

To hold up the UK equity market against the downward influence of the US economy and Wall Street takes real buying power, and *institutional liquidity* is at a low ebb. This could only be made good by selling gilts, which would in turn require the bold conviction that *gilts have no further to rise.* Yesterday morning, at least, the conviction was quite the opposite; institutions seemed anxious to sell equities to buy gilts, and were stopped *only* by equity market-makers moving the prices down out of reach.

This week is also burdened with cash worries of another sort. Settlement in the wake of the crash will not be complete until any dud cheques have been bounced and chased up. There is also a feeling that some who withstood the initial earthquake could still succumb to the aftershocks. At one point yesterday, the FT-SE100 was down more than 10 per cent since the weekend, a movement which in the old days would have raised the spectre of a bear market in itself. And if there is distress selling to come, some of it could be in large blocks.

Meanwhile, the sharp recovery towards the close in yesterday's market came too late to rescue *some stocks from fairly* brutal treatment. Cookson and Blue Arrow - both capitalised at well over £1bn a month ago - lost a net 12 per cent over the day, after an initial fall in Cookson's case of 17 per cent. At least the BP partly-paid seems to have touched bottom around 75p; though some market makers were so anxious to avoid taking stock yesterday as to push their bid price right down to the 70p floor.

Eurotunnel

If the two sides of Eurotunnel cannot even agree on the timing of the release of the project's key financial details, can they get the two ends of the tunnel to meet in the middle? Yesterday the French side jumped the gun, revealing the details of Eurotunnel's main financial marketing tool, *the travel perks.* The British side, while showing a stiff upper lip to the French indiscretion, will have its work cut out to whip up further enthusiasm when it publicises the pathfinder prospectus today.

The project is not a normal type of stock market flotation. It has yet to be built and will not pay *a dividend for several* years. The £5bn of loan financing cannot be drawn unless the £750m of equity is raised, and if the issue fails to get off the *ground there is no chance of* the tunnel being built for another decade at least. That is why so much hangs on the success of the share offering. The question *of the pricing of the issue is* largely academic since the potential returns are very uncertain and a long way off.

It will take a major act of faith to invest in Eurotunnel, and apart from the big institutions, which may console themselves in the belief that they are putting some pin money aside for the good of the country, most ordinary investors are only going to be attracted into the issue if they like the look of the travel perks. This is the project's secret financial weapon. It costs hardly anything *to give away* one-off travel concessions, and the promise of almost free travel for the life of the tunnel concession, for an estimated invest*ment of around £5,000, is likely* to be a powerful attraction. P&O, after all, has 139,000 shareholders who bought shares to avail themselves of its *cross-channel ferry perks.*

Reed International

The cliche "up like a rocket, down like a stick" is hard to resist on Guy Fawkes day, especially in the case of Reed International. The shares, having outperformed the rising market, are now underperforming on the way down. Yesterday's 27p fall to 342p was again significantly larger than the market's drop. After all, Reed had become the archetypal bull market stock. A company which had escaped the shackles of cyclical businesses, restructured and rationalised, made acquisitions to aid a shift towards higher multiple activities - and which itself had become the subject of takeover rumours - was a story which the City could love. But as the outgoing chairman pointed out prophetically at this year's annual meeting, a love affair with the City can be a dangerous thing.

Reed's crimes - *formerly its* attractions - are a large exposure to the US economy and currency. In the short term that strategy has drawbacks. Last year Reed used an average dollar exchange rate of $1.50. If this year it averaged $1.70 (which would take some doing after a first half rate of $1.63) that *would knock £10m from profits* which might total £235m. More worrying, because less specific, are the fears that advertising revenues will dwindle and circulations fall if the US moves into recession, a worry not helped by recent unhappy experience in the semiconductor publications - serving an industry which has had a recession of its own. The strategy must be correct in the long term, but no one in the market can now look that far ahead.

The current year multiple is under 11, about half the rating Reed achieved at its share price peak. But after the fast growth of recent years, a rising tax charge and increasing share capital mean that earnings per share will barely rise in the following year. A City-Reed reconciliation is some way off.

French refuse to pamper US nappy maker

BY GEORGE GRAHAM IN PARIS

FRANCE'S law courts have pulled down the curtain on the country's most absorbing television advertising cam*paign.*

Procter and Gamble, the US household goods giant, has been ordered by the Paris court to stop advertising its Ultra-Pampers disposable nappy brand with a comparative test which gives a misleading impression of the nappy's ability to soak up drops.

Peaudouce, Pampers' rival and market leader with an estimated 25 per cent of France's 2.6bn a year nappy changes, could scarcely contain its jubilation yesterday, and indicated that it was now considering suing Procter and Gamble for damages.

Ultra-Pampers, launched in April, is estimated to have snatched 10 per cent of the French market already, taking Procter and Gamble's total share from 15 per cent to *around 18 per cent* in the space of a year.

French babies go through an average of FFr250 to FFr300 of nappies a month - *98 per cent of them* disposable - but with a stagnant birth rate the FFr4bn a year home market is now close to saturation.

Nappy market analysts say Peaudouce has suffered less than other brands, such as Lotus and Tendresse, from the Ultra-Pampers onslaught, but has still been worried by the new product's rapid progress.

"The Ultra-Pampers campaign has been an extraordinary success" said Mr Etienne Thil, a marketing consultant associated with Celatose, France's leading private label nappy producer.

"Revolutionary," the Ultra-Pampers advertisement pro*claimed. "Even when they're* wet, they're dry."

But the court took issue with Procter and Gamble's comparative test, in which it poured a beaker of water on to an Ultra-Pamper and another brand of nappy. When the two were wrung out, a shower of drops flew from the "other brand", while nothing dripped from the Ultra-Pamper, thanks to its moisture-retaining "mini-captors".

Mr Andre Kleniewski, a court-appointed expert, found that the test only worked with demineralised water, but when he used a sodium chloride solution or baby's urine "numerous drops" were observed.

Indeed, Procter and Gamble instructed sales assistants to use demineralised water in *supermarket demonstrations* of the product.

The court order is viewed as highly unusual in France, since all television advertise*ments have to be vetted be*fore they are shown by the Commission Nationale de la Communication et des Libertes, the beleaguered broad*casting authority.*

Peaudouce, part of the Agache textiles group, has now fixed its sights on supermarket own-label nappies and has filed suits alleging that they have copied the patent four-way elastic fastening which makes its top of the range Ultra-Absorbant brand watertight.

Lawson orders cut in British base rates

Continued from Page 1

ised" by sales of gilt-edged securities. But the Bank would be more flexible as to the timing of such action. In future the offset*ting gilt sales would not neces*sarily take place in the same financial year as the intervention.

Mr Lawson said it would not be sensible to extract liquidity on a major scale given market conditions.

Mr Robin Leigh-Pemberton, the Governor of the Bank of England, similarly endorsed a more accommodative stance for monetary policy in the light of recent events. Policy, he said, would be flexible and pragmatic, although it would not lose sight of the long-term objective of stable prices.

In a detailed analysis of the recent turmoil on financial markets and, in particular, the collapse on stock markets, Mr Lawson cited three major causes, but put most of the blame squarely on the US.

Even under normal circumstances the steep rise in world equity prices over the past few years was unlikely to be sustainable, he said.

Alongside that, he said it had long been clear that the excessive imbalances between the three major economies - the huge US current account deficit and the parallel surpluses in Japan and West Germany - posed a major threat to stability.

In what was intended as a sharp attack on Washington, Mr Lawson said that the third factor had been the markets' doubts over whether there was sufficient political will in the US to tackle its fundamental problems.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	20	68	Dubrovnik	S	13	55	Malta	R	20	68	Rhodes	R	19	66
Algiers	S	26	79	Edinburgh	F	10	50	Manchester	C	10	50	Rio de J'o			
Amsterdam	S	10	50	Faro	F	19	66	Manila				Rome	S	18	64
Athens	C	12	54	Florence	S	15	59	Melbourne	C	18	64	Salzburg	C	7	45
Bahrain	S	30	86	Frankfurt	S	9	48	Mexico City				San Francisco			
Bangkok	S	34	93	Funchal	S	22	72	Miami				Seoul	C	12	54
Barcelona	F	19	66	Geneva	C	10	50	Milan	F	13	55	Singapore	R	27	81
Beirut	R	20	68	Gibraltar	C	18	64	Montreal				Stockholm	S	7	45
Belfast	C	10	50	Glasgow	C	10	50	Moscow	C	2	36	Strasbourg	S	9	48
Belgrade	C	9	48	Guernsey	S	11	52	Munich	F	5	41	Sydney	F	20	68
Berlin	R	10	50	Helsinki	C	[illegible]	[illegible]	Nairobi	F	29	84	Taipei			
Biarritz	S	17	63	H. Kong	C	24	75	Naples	C	15	59	Tangier	C	21	70
Bombay				Innsbruck	S	11	52	Nassau				Tel Aviv	S	23	73
Bordeaux	S	18	64	Inverness	C	9	48	New Delhi	S	28	82	Tenerife	C	22	72
Brussels	C	9	48	Islamabad				New York				Tokyo	R	15	59
Budapest	S	10	50	Istanbul	R	9	48	Nice	S	20	68	Toronto			
B. Aires	C	28	82	Jakarta				Nicosia				Tunis	C	21	70
Cairo	S	23	73	Jersey	S	10	50	Oporto	F	21	70	Valencia	S	16	61
Cape Town	S	19	66	Jo'burg	S	29	84	Oslo	Fg	1	34	Venice	S	13	55
Caracas	S	29	84	Lima				Paris	S	10	50	Vienna	C	8	46
Casablanca	C	20	68	Lisbon	R	18	64	Peking	S	9	48	Warsaw	C	6	43
Chicago	C	15	59	London	C	12	54	Prague	C	7	45	Washington			
Cologne	F	9	48	Los Angeles				Reykjavik	C	[illegible]	[illegible]	Zurich	C	7	45
Copenhagen	C	7	45	Luxembourg	S	8	46								
Corfu	F	18	64	Madrid	C	16	61								
Dallas	F	13	55	Majorca	F	21	70								
Dublin	C	12	54	Malaga	C	19	66								

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Commission examines fees for compatible Euro cash cards

BY WILLIAM DAWKINS IN BRUSSELS

THE EUROPEAN Commission has launched an inquiry into *whether plans by Europe's* leading retail banks to make their cash and credit cards fully compatible might restrict free competition.

The Brussels authorities have written to the 40 retail banks belonging to the European Council for Payments Systems, asking for details of the common transaction fees involved in the outline accord. Although the agreement was greeted by Brussels after its signature last month as a welcome step towards creating a fully free internal market, the Commission wants to ensure that the banks do not co-operate to drive-up fees.

A senior Commission official said yesterday that the scheme was being vetted under Article 85 of the Treaty of Rome, which outlaws any commercial agreement likely to distort free competition through price fixing or market sharing.

If the banks, from 17 countries across the EC, Scandinavia, Austria and Switzerland, do not *satisfy Brussels that they will* compete freely, the Commission has the right to ask for modifica*tions to the way the new net*work will operate in the Community.

The initial purpose of the banks' scheme is to achieve full interchangeability between the Visa, Mastercard, Eurocard and Eurocheque networks and to bring other cards in later.

Individual card systems are already widely accessible throughout Europe, but compatibility between them is very limited. An essential pre-requisite for the plan is co-operation on common technical standards for automatic teller and payment machines in shops, petrol stations and bank branches.

A member of the team which drew up the scheme pointed out that the participants planned to set a common rate for what banks charge each other, rather than their customers, for transferring cash within the network. However, they would be left free to decide their own fees and interest rates for retail customers.

"Free competition would be *preserved because it would be* left up to the issuing bank whether to pass on the costs to *the customer or absorb them,"* said the spokesman. "Nothing that we intend to do offends anything that the Commission has sanctioned in the past."

A similar tariff-fixing agreement already exists, with the Commission's blessing, for Eurocheque guarantee cards, where the issuing banks in the system pay banks receiving cheques a uniform 1.6 per cent.

The Visa and Mastercard networks, by contrast, use precisely the opposite arrangement, *whereby the receiving banks* rather than the issuing banks bear transaction costs - and it is just this kind of discrepancy that the agreement aims to iron out.

Mr Patrick Bowden, general manager of Visa Europe, an observer rather than a signatory of the agreement, said: "We believe this kind of co-operation is an essential step forward to giving customers a better service. But it is clearly right for the Commission to try to establish *competition between systems."*

London share prices fall steeply

Continued from Page 1

and finally finished its shortened day 18.24 off at 1,945.29.

"We're going to see a lot of erratic action with short-lived rallies and short-lived declines," said one analyst.

The uneasiness in share markets boosted bond markets in both London and New York yesterday. US interest rates continued to fall as credit markets rallied further, aided by a relatively stable dollar in New York trading and nervous stock market.

By early afternoon, the Treasury long bond had broken through the 9 per cent yield barrier for the first time since late August.

The dollar finished at DM1.7475 in London against the previous day's DM1.7415 and at Y137.15 compared with Y137.35. In New York the dollar weakened to Y136.90 by midsession.

INTERNATIONAL APPOINTMENTS

Columbia Pictures makes management changes

The entertainment business sector of THE COCA-COLA CO, and TRI-STAR PICTURES INC, has announced that as part of the proposed combination of the sector with Tri-Star, Ms Dawn Steel has been named president of the Columbia Pictures motion picture unit. Columbia Pictures Entertainment Inc is the name of the new company emerging from the proposed amalgamation.

As part of the proposed combination between the entertainment business sector and Tri-Star, it is planned that Mr Roger Faxon, presently executive vice-president, business affairs, at Tri-Star, will become senior executive vice president of the Columbia motion picture unit, reporting to Ms. Steel, and overseeing for her the marketing, distribution, business affairs and administrative operations of the unit. The position of chairman, formerly held by Mr David Puttnam, will be eliminated. Mr David Picker, currently president and chief operating officer at Columbia Pictures, had previously requested that when a new head of the Columbia studio was selected, he wished to return to independent production in New York under an arrangement with the company.

Previously announced plans call for Columbia Pictures Entertainment to have a complete complement of executives for two separate production, distribution and marketing units - Columbia Pictures and Tri-Star Pictures - with each unit utilising a common facility which will furnish distribution services, including print delivery, bookings in smaller markets and sub-run situations and collections. The Tri-Star Pictures unit is led by Mr David Matalon, its president, and Mr Jeff Sagansky, president of production. International theatrical distribution for both units will continue to be handled through a single operation abroad, subject to the direction of the Tri-Star and Columbia motion picture units.

Ms. Steel joined Paramount in November 1978 as director of merchandising and marketing and six months later she was promoted to vice president. In April 1980, she was made vice president, production and in November 1983 was elevated to senior vice president, production. In April 1985, Ms. Steel was named president of production of Paramount, which is her current position. Mr Faxon joined Tri-Star in April 1986 where he is executive vice-president, business affairs.

New chairman elected at Harris Corporation

At the Florida-based HARRIS CORPORATION Mr John T Hartley, the company's president and chief executive officer, has been elected to the additional post of chairman of the board. Mr Hartley, 57, succeeds Dr Joseph A Boyd, 66, who continues as a board member and chairman of the executive committee.

In making the announcement, Dr Boyd said "Jack Hartley and I have worked together closely in guiding the progress of Harris and I have tremendous respect for his leadership skills. In the 18 months since his election as chief executive he has instituted a major streamlining of the company's operations designed to sharpen Harris' competitiveness and increase bottom-line performance, and these actions are yielding substantial results."

Dr Boyd has had distinguished careers as an educator, scientist and business executive. He was elected president of Harris in 1972 and chairman and chief executive in 1978.

Jobs swap

Mr Kenneth R Todd Jr, president of IDEAL-STANDARD Europe, will exchange positions with Mr George Kerckhove, who has held a similar position for the company's commercial systems group in Wisconsin on January 1. Both units are wholly-owned by American Standard.

Mr Kerckhove was named executive vice-president of the

Mr Kenneth R Todd

commercial systems group in 1977 and was given worldwide responsibility for manufacture and sales of commercial systems in 1985. Mr Todd joined American- Standard in 1976 as vice president and controller and was made head of Ideal-Standard Europe in 1983.

"The new assignments will help these executives broaden their experience and judgement in American-Standard's operations" said Mr EA Kampouris, senior vice president of building products operations for American-Standard.

Boeing chairman

Mr TA Wilson, chairman of BOEING since September 1972, is to retire from the company at the end of the year. Mr Frank Shrontz, president and chief executive officer, will assume the additional title of chairman of the board. The directors have elected Mr Wilson chairman emeritus and he will continue to serve on the board.

Mr Shrontz was elected president and a member of the board of directors of the Boeing Company in February 1985. He had previously served as president of the Boeing Commercial Airplane Company, a position he adopted in April 1984. He assumed chief executive officer duties at the annual meeting on April 28, 1986.

From May 1982 until April 1984 he was vice-president sales for the Boeing Commercial Airplane Co. Prior to that apppointment Mr Shrontz was vice-president-general manager of the 707/727/737 division with responsibility for the technical excellence and efficient production of those three airplane types.

Managing director for Alfa Romeo

Mr Giuseppe Tramontana, who has been managing director of ALFA ROMEO for the past two years, is to leave the helm of the luxury car company that was acquired by Fiat last year. The Fiat Group, which bought Alfa from the IRI-Finmeccanica state holding group, is naming one of its veteran executives, Mr Piero Fusaro, to run Alfa in Mr Tramontana's place. Mr Fusaro will be managing director of Alfa-Lancia, the merged unit that contains both Alfa and Fiat's Lancia division.

Mr Tramontana is to become managing director of La Rinascente, the retail department store chain that is indirectly controlled by the Agnelli family's IRI holding company. The 49-year old Mr Tramontana is known as one of Italy's toughest and most effective managers. Prior to his Alfa-Romeo job he turned around the Montefibre artificial fibres subsidiary of the Montedison Group.

*

Regarding the appointment of Mr William H M de Gelsey as a member of the international advisory board of CREDITANSTALT BANKVEREIN, Austria's largest bank, as reported on October 23, Mr de Gelsey will remain as deputy chairman of Orion Royal Bank in Tokyo.

*

Mr FJAM Pistorius, 39, has been appointed secretary of the Dutch chemical group DSM from February 1. He will succeed Mr EM Akkerman, 59, who is take early retirement.

Accountancy Appointments

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Reporting to the managing director, the Group Financial Controller will be responsible for all financial and management accounting and control, computer systems and all administrative services. A strategic input to investment and acquisition studies and to the subsequent integration of accounting and control systems will be expected.

Candidates should be qualified accountants, offering 7 to 12 years relevant experience of large company disciplines and preferably of export or commodity trading. Prospects for the individual and the group are excellent.

Please send full career details, quoting reference L4588, to Mike Blanckenhagen.

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**Contact: George D. Maxwell
ACCOUNTANCY APPOINTMENTS EUROPE
1-3 Mortimer Street, London W1N 7RH
Tel: 01-580 7739/7695**

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Candidates will possess strong interpersonal skills and be able to act with initiative and enthusiasm. Thorough knowledge of accounting is essential. Experience in the use of computers is an advantage.

Salary includes non-contributory pension scheme, free BUPA and life assurance and assistance with relocation where necessary.

For further information please contact Chris Nelson on 01-831 2000 at 39-41 Parker Street, London WC2B 5LH OR Nigel Milford on 0753 856151 at Kingsbury House, 6 Sheet Street, Windsor SL4 1BG.

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The Finance Manager will report to the Managing Director. A priority will be to establish an in-house EDP function. The role will also involve providing the financial input to business decisions and ensuring adequate control of the Company's accounts and investments.

Candidates should be qualified accountants with a good knowledge of the operations of the London insurance market. They should also have practical experience of developing and implementing computerised systems. An outward-looking and commercial approach is required, together with the ability to originate and communicate ideas, and to work well as a member of a small and ambitious team.

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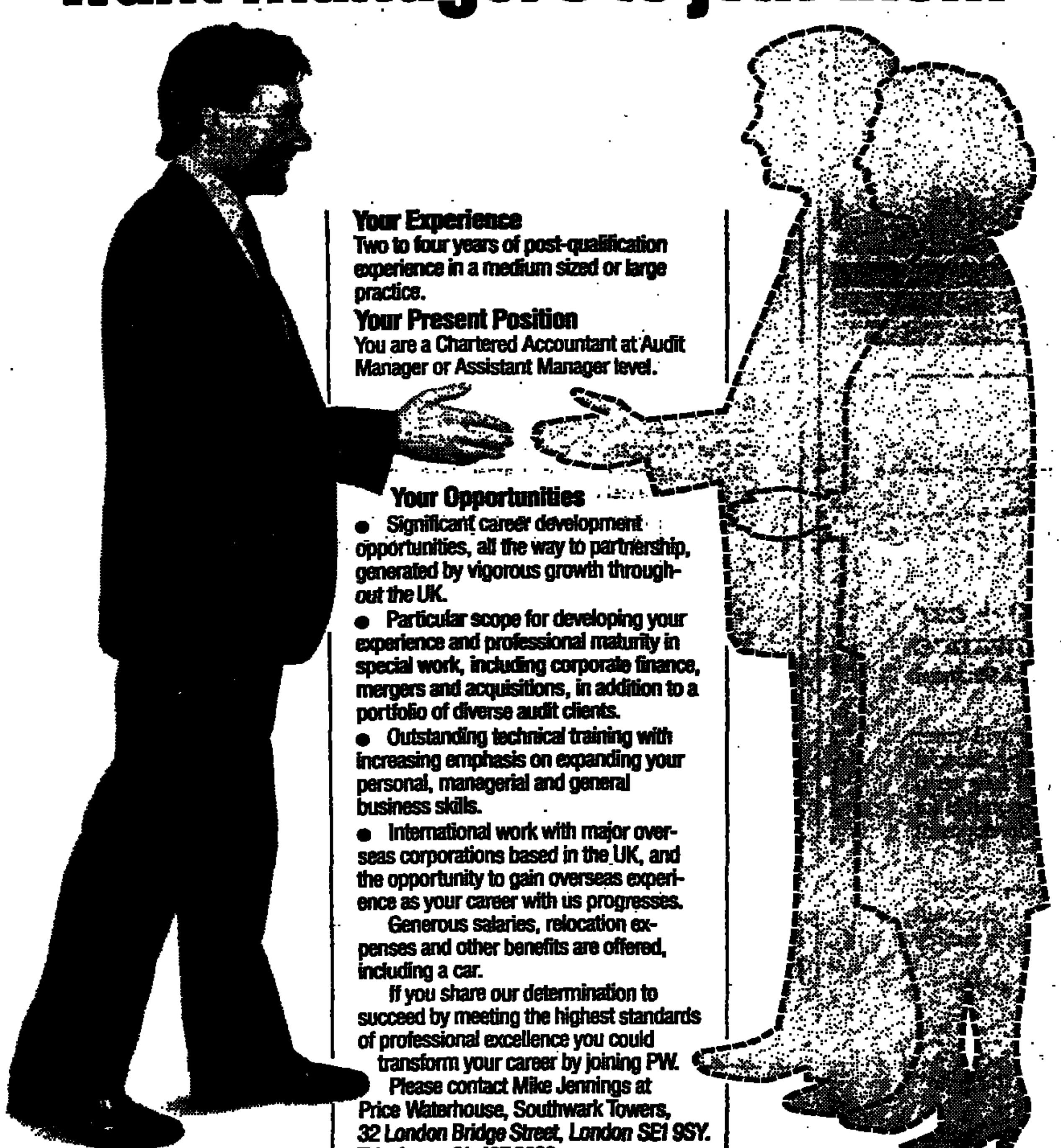

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Candidates, qualified accountants and *preferably graduates*, should have experience of working in a private company, preferably associated with the construction industry. They must have the maturity to make a strong personal impact both within the company and with professional advisers, together with the desire to grow with the business.

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Our client manufactures and markets a range of highly innovative packaged products for the buoyant leisure market. Its name and reputation are already firmly established both in the UK and abroad and with several exciting new products about to be launched, the company is poised for another period of explosive growth. Current turnover is around £10m.

Strong financial management will, however, be critical in order to maximise the high profit potential. They have therefore created this new position and wish to appoint a commercially astute Finance Director as a key member of the small top management team.

Candidates will be Qualified Accountants, ideally with some manufacturing experience but, more importantly, with indepth experience in a strong marketing environment where control of price margins and stock levels is critical. Knowledge of a computer-based fully integrated order processing system would be an advantage. Experience is important and age is not a critical factor.

An attractive remuneration package will be offered and there are excellent prospects of share options and profit participation for someone who can make a significant contribution to the company's prosperity.

Please send concise details, including current salary and daytime telephone number, quoting reference I2000, to W S Gilliland, Executive Selection Division, Grant Thornton Management Consultants Limited, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP.

Grant Thornton

Management Consultants

Special Projects Accountant

Circa £22,000 + banking benefits

Lloyds Bank is a leading international bank with assets of £48,000 million, working with customers in over 100 countries. An opportunity currently exists within the London Head Office of the International Banking Division for an ambitious young accountant seeking to move into the banking sector.

The successful applicant will be involved in a variety of projects designed to provide senior management with information required for business planning and performance appraisal. This will involve regular contact with senior management of overseas businesses. Other areas of involvement will include developing the Bank's management information systems in conjunction with external consultants and liaising with executives in other divisions of the Bank.

The role demands both a high level of analytical and technical ability and superior interpersonal skills. Aged 24-28, candidates should be qualified graduate accountants with strong academic backgrounds, able to demonstrate successful track records to date. Prior financial services experience is not essential; exposure to financial modelling would be an advantage.

The Bank's professionalism is underlined by a firm commitment to training and career development. Future prospects are excellent and a highly competitive salary is available together with a generous benefits package.

For further information please contact Janet Bullock, the consultant advising us on this position, on 01-831 2000 *or write to her at Michael Page Partnership*, 39-41 Parker Street, London WC2B 5LH. All replies will be dealt with in the strictest confidence.

Lloyds Bank

A THOROUGHBRED AMONGST BANKS.

CHIEF ACCOUNTANT

SW London **c. £23,000 + car**

OUR CLIENT is a member of a leading UK industrial services and distribution group.

THE ROLE is to head up the accounts department. Reporting to the Finance Director, the Chief Accountant will be responsible for all accounting matters and for managing a department of about 40 staff in a fully computerised accounting environment.

THE REQUIREMENT is for a vigorous young qualified accountant who is striving to progress a career in a demanding commercial organisation. Total familiarity with computerised accounting systems is essential.

THE REMUNERATION PACKAGE will include a salary of about £23,000 plus a 2 litre car. Career prospects within the Group are excellent.

Please reply in complete confidence enclosing a CV and quoting reference no 168A to the Managing Director

Tanstead Associates Ltd
Executive Search & Selection
West End House, 11 Hills Place, London W1R 1AG

a member of the Tanstead Professional Group

Financial Accounting Manager

S W Essex

£25,000 + Car

This is a job for a self starter with an enthusiasm for man management, sound organisation and producing good quality figures.

The client is a £35m subsidiary of a UK industrial Group and it holds a strong place in its markets. The management team which is energetic, ambitious and very progressive, is extending the business, particularly in Europe. This position reports to the Finance Director.

The Financial Accounting department is responsible for the financial ledgers, payroll and sales accounting; treasury; the provision of management accounting data; statutory accounting; and general administration. Systems are computerised using modern software, with further development being undertaken. There is a department of 17 to manage through 4 first line managers.

An accounting qualification is essential together with relevant accounting management experience in industry. Management accounting experience would be an added advantage. Leadership/motivation skills are important together with a positive attitude towards delivering solutions not problems. Age guideline 28-35.

Please apply in confidence quoting ref. L332 to:

Margaret Mitchell
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 01-240 7805

Mason & Nurse
Selection & Search

FINANCIAL CONSULTANCY

London **To £30,000 + Car**

This specialist group within our consultancy provides a wide range of financial advice to businesses, from the design of sophisticated information systems and corporate financial planning to overhead cost control and product pricing strategies.

In order to maintain our successful growth pattern, we are seeking additional first rate individuals with experience appropriate to this service. We offer opportunities to work within multi-disciplinary teams in a wide variety of industries and in a stimulating and dynamic environment.

You should be a graduate qualified accountant, probably aged around 28, with high quality post qualification experience in such areas as financial analysis, management accounting, computer development etc, gained within a substantial blue-chip company.

Alternatively, you may have around 2 years good post qualification experience in the profession and be seeking to broaden your skills.

If you would like to discuss prospects with us further please send a full CV to Nick Carratu, Partner, quoting ref. F/108/C.

Ernst & Whinney
Executive Recruitment Services
Becket House, 1 Lambeth Palace Road, London SE1 7EU.

COMPANY ACCOUNTANT

LONDON **£20,000 (Negotiable) Plus Benefits**

Regina Health & Beauty Products plc is a young, vibrant company who wish to appoint a qualified Accountant, responsible to the Financial Director, for a wide range of day to day Financial and Secretarial activities.

INITIALLY, EMPHASIS WILL BE PLACED UPON THE DEVELOPMENT OF COMPUTERISED SYSTEMS AND MANAGEMENT REPORTING PROCEDURES. THE POSITION WOULD APPEAL TO HIGHLY MOTIVATED, COMPUTER-LITERATE ACCOUNTANTS, CAPABLE OF CONTROLLING A DEPARTMENT.

The remuneration package comprises of benefits normally associated with a successful and progressive company.

For full details of this career opportunity, please telephone or write to Barclays Executive Appointments who have been retained to advise on this appointment.

Your reply will be dealt with in strict confidence by **Lionel Rose at:**

BARCLAYS EXECUTIVE APPOINTMENTS
Morritt House, 58 Station Approach, South Ruislip, Middx. HA4 6SA.
Telephone: 01-842 1216 (24 hours)/01-842-0676.

BARCLAYS

Finance Director (Designate)

Manufacturing Package @ £35k

Our Client is a long established c£10m turnover company, which uses a diversity of sophisticated manufacturing processes to service a design conscious market place.

The Company is pursuing an export led drive from London for future growth. A new Finance Director (Designate) is required to enable the Managing Director and the rest of his team to give more of their time to developing the Company's successful marketing initiatives to 'blue chip' companies.

The initial thrust of this newly defined role will be to improve basic financial disciplines and develop appropriate costing methodologies to make the Company more nimble in their creative market place. Subsequent extension of DP systems will be required.

Candidates will be qualified accountants with solid industrial and commercial experience and proven staff management ability. They are likely to be ambitious to grow rapidly to their first Board appointment. Additionally, more experienced operators will be considered who have the *drive, dedication and enthusiasm to adopt a practical 'shirt sleeves' approach to assist with* company development plans.

Please write, in confidence, to Peter Willingham, quoting reference LM633, enclosing your curriculum vitae, current salary package and daytime telephone number, at Spicer and Pegler Associates, Executive Selection, 13 Bruton Street, London W1X 7AH.

Spicer and Pegler Associates
Executive Selection

British Multinational London

Our client is a household name with operations worldwide. The group is poised for growth following refinancing measures and a restructuring which sharply improved profitability. Two demanding new positions have been created to play a key role in implementing growth plans.

Treasury Dealer

c£27,500 + car

You will support the Group Treasurer chiefly by handling on a worldwide basis foreign currency, borrowing, investments and deposits. There will be some involvement in financial instruments.

Aged 25 to 30, you will be suitably qualified and have at least three years' appropriate treasury experience probably in an international corporate or banking environment. (Ref. 23109)

Assistant Group Tax Manager

c£27,500 + car

In addition to your responsibility for all UK aspects of taxation, you will have considerable opportunity for involvement in international tax planning, reviews and implementation of schemes.

Aged up to 30, you are a Chartered Accountant with at least two years' post qualification experience, which must include involvement with UK tax. (Ref. 34018)

Both vacancies offer good experience in a very progressive and team-based environment. Career development prospects in this expanding group are excellent.

Please write – in confidence – with CV and current salary quoting the appropriate reference number to Robin Fletcher, MSL Treasurers' File.

MSL International (UK) Ltd, 52 Grosvenor Gardens, London SW1W 0AW.

Offices in Europe, the Americas, Australasia and Asia Pacific.

MSL International

Challenge of the City

RECENTLY QUALIFIED ACA

£22–24K + bens

FINANCIAL RECRUITMENT CONSULTANTS

A major force within the world's financial markets, our client now wishes to augment it's existing policy-making team.

Unusually, they would like to meet with young ACA's seeking a first move from practice who may not necessarily possess City experience, but who have the personal qualities and enthusiasm to make a successful career in this sector.

Your inter-personal, analytical and investigative skills will be highly tuned and you now seek the challenge of a new environment and the opportunity to develop further financial skills.

To discuss this exciting and varied opportunity, contact me, Kiran Cartner, on 01-379 6668 (24 hrs), 01-370 7873 (out of hours) or send your CV to R H Associates, 18 Exeter Street, London WC2E 7DU.

R H ASSOCIATES

MANAGEMENT OPPORTUNITIES FOR ACCOUNTANCY PROFESSIONALS

Raising millions of pounds annually in the search for an effective prevention and cure of cancer, the Imperial Cancer Research Fund is one of Britain's largest and best supported charities. An encouraging increase in revenue generated from our varied fund raising programmes means that two senior opportunities for qualified accountants have arisen within our finance team.

Financial Accounting Manager

£21,500-£28,500

As manager of the financial accounting function you can anticipate a high degree of involvement and responsibility. Our operation is extensively computerised so considerable experience in this field and the ability to implement improvement and change is essential. Your areas of strength should include portfolio management, computer payroll systems and insurance. Staff leadership and frequent liaison, throughout the organisation as well as externally, will be important aspects of this challenging role.

Shops Accounting Manager

£17,000-£23,000

We have 129 shops trading at present with plans to increase this number to 580 over the next five years, so this position falls in one of our key areas of expansion. Relevant experience of the retail sector combined with a well developed understanding of computerised sytems will be essential as you undertake day to day accounting for the shops programme. In addition you will take part in a major review of existing procedures, make appropriate recommendations and implement changes effectively once approved.

Application form and full details for either position from: Mrs. P. Harwood, Imperial Cancer Research Fund, 44 Lincoln's Inn Fields, London WC2A 3PX.

I M P E R I A L
CANCER RESEARCH FUND

COMBINE ACCOUNTING WITH ACQUISITIONS

West London ***£20,000 + Benefits***

Co-ordinate the sophisticated management accounting package and produce budgets with the assistance of Divisional Finance teams, while undertaking analysis projects as directed by the Board or Senior Management. These projects include a superb opportunity to become directly involved in investigations relating to proposed business acquisitions as they arise. It is envisaged that this will involve a small amount of overseas travel.

This multi-million pound Fast Moving Consumer Goods company has a high advertising profile, demonstrating a powerful marketing force. They encourage a team approach within their working environment and offer benefits including a substantial on site sports complex and social facilities.

Candidates aged 24-28, will rapidly assume considerable responsibility, becoming Controller of an operating subsidiary within 2-3 years.

For further information contact VIVIENNE SHALL ref: 4111, on 01-404 3155, at ALDERWICK PEACHELL & PARTNERS (Financial Recruitment Consultants), 125 High Holborn, London WC1V 6QA.

Alderwick Peachell and PARTNERS LTD

GROUP FINANCIAL DIRECTOR DESIGNATE

OXFORDSHIRE **Salary negotiable circa £32,000 plus car plus benefits**

We have been instructed by our clients, a substantial family group of furniture companies to recruit a qualified chartered accountant aged 40 years or over for the above post.

The successful candidate must demonstrate a proven track record in financial and management accounting in a manufacturing or commercial environment. Experience in dealing with stockbrokers or a U.S.M. flotation would be a distinct advantage. The ability to lead an accounts department, communicate well with colleagues at all levels, and make a substantial contribution to future policy of the group is essential.

Applications in writing please, with comprehensive CV to:—

F. W. Johnston Esq., B.A., F.C.A.
SEYMOUR, TAYLOR & CO.
Chartered Accountants
57-61 London Road
High Wycombe
Bucks.
HP11 1BS

Qualified Accountants -move into Europe with TNT Ipec

TNT, one of the worlds leading international transportation groups, operates its express freight services in Europe through its TNT IPEC division. The group is both progressive and aggressive in its determination to continue its exceptional growth and further improve its profitability record.

The European audit team currently has a requirement for a qualified accountant aged 25-30 to join a small task force of professionals based in Holland.

The team undertake management and operational reviews and financial audits in 15 European Countries and travel approximately *75% of the time out* of Holland. Additional responsibilities include EDP review, investigations, business evaluations, group consultancy and ad-hoc assignments.

Promotional prospects are excellent - over the last 18 months 4 auditors have been promoted to line positions from a team of five - and the highly competitive package, including relocation costs, is negotiable.

If you have the potential to progress rapidly into line management and a desire to travel extensively throughout Europe then contact
David Frusher for further information on 01-353 1244
(Evgs/W'ends 01-998 5446) or send a CV to
ASA International, Ludgate House, 107-111 Fleet Street,
London EC4A 2AB.

ASA International

Financial Controller - plc

A Young Chartered Accountant

London W1 **to £23,000 + car**

This is an exceptional opportunity for a Chartered Accountant looking to enter industry. Our clients are a major force (£30m T/o) in their service-based sector with an ambitious programme of organic growth and acquisition in the U.K. and abroad. The Financial Controller will work closely with the Finance Director in a young management team operating modern systems of financial planning and control. He/she will manage a small central staff and be involved in most aspects of the finance function including treasury management, acquisition studies, statutory accounts and contact with *financial institutions. The role therefore provides an excellent opportunity* to exercise responsibility and acquire experience in the financial control of an expanding plc. Ref: 1646/FT. Send c.v. (with telephone numbers) or write or phone for an application form to R. A. Phillips, ACIS, FCII, 2-5 Old Bond Street, London W1X 3TB. Tel: 01-493 0156.

Phillips & Carpenter
Selection Consultants

H. YOUNG HOLDINGS PLC

H. Young Holdings PLC requires a Financial Controller for its newly formed "The Young Optical Group" which combines the business of two of its subsidiaries, 20th Century Visions and The Crofton Optical Group which distributes optical frames, lenses and sunglasses.

Applicants must be qualified accountants probably in their early 30s. The successful candidate will be responsible to the Chief Executive of "The Young Optical Group" and to the Financial Controller of H. Young Holdings PLC and will be based in the London area. Attractive salary and benefits are offered.

Please apply to Mrs E. J. Johnston, Financial Controller, H. Young Holdings PLC, 5 Gravel Hill, Henley on Thames, Oxon RG9 2EG.

Finance Manager

Up to £30,000 Package + Car

Nottingham

Our client is a major UK multinational manufacturing company with a substantial international presence. Its technological strength, commitment to R & D and commercial expertise has enabled the company to maintain market leadership in many sectors of its business.

A Finance Manager, to report to the Business Director of a £60m t/o operation within the group, is now sought to take wide responsibility for the business' financial affairs and to participate as one of the senior management team in developing future strategy of the operation.

Candidates should be qualified accountants, aged early/mid 30's, with experience in a manufacturing company which is marketing driven. This is a new role that has a strong commercial element to it, such as joint venture and acquisition studies/negotiations. It is therefore essential that candidates have the personal qualities to work with all disciplines and levels and the will to succeed and progress within the group.

Some degree of European travel will be required.

Please write or telephone enclosing full resumé quoting ref: 149 to:-
Philip Cartwright FCMA,
97 Jermyn Street,
London SW1Y 6JE.
Tel: 01-839 4572

Cartwright Hopkins
FINANCIAL SELECTION AND SEARCH

Financial Controller

Berkshire — **c. £28K+Car**

Our client is a highly regarded public foods group (t/o c.£100M) with a record of innovation and profitable expansion principally in private label business with the top multiples. The group is committed to further growth and diversification, and current plans include a major computer investment and other capital projects.

This is a new position responsible not only for the financial control of a major Division (t/o £36M) and for the development of its systems, but also for providing a vital financial and commercial input to strategy and decision making as a member of the Division's executive board. Indeed the early assumption of additional commercial responsibilities is envisaged while future prospects are likely to include opportunities in general management.

Candidates should be qualified accountants in their early 30's – early 40's with appropriate professional experience and significant commercial exposure in a manufacturing environment, ideally in food/drink or a similar fast-moving process industry.

Salary is negotiable as indicated, and benefits include a discretionary bonus, fully expensed car and assistance with relocation if appropriate. Please apply in confidence under reference 344/6 to Charles Barker MSI, 30 Farringdon Street, London EC4A 4EA. Tel: 01-634 1143.

CHARLES BARKER
SELECTION·SEARCH·ADVERTISING

CORPORATE FINANCE £20 - 50K

Several of our clients, mainly major International Merchant Banks, require qualified ACA's with a good examination record, either direct from the profession or with sound corporate finance experience. Vacancies range up to the equivalent of senior manager level. For an informal career discussion please contact James Jarratt.

CAPITAL MARKETS £20 - 35K

We have also been asked to recruit several ACA's for various positions within Merchant Banks and Investment Houses. Experience of Capital Markets is helpful but not essential. Current vacancies include a newly qualified to train in Swaps accounting, various opportunities in Financial Management with a U.S. House, and a European Bank require an Auditor with fluent German and preferably knowledge of German Audit techniques.

Please contact James Jarratt

Tom Kerrigan Associates Ltd.,
20 Wormwood Street,
Bishopsgate,
London EC2M 1RQ
Tel: 01-588 4303

TOM KERRIGAN ASSOCIATES LTD
RECRUITMENT CONSULTANTS

FINANCIAL DIRECTOR

growth plc responsibility

based Surrey: c£35k + substantial benefits

The Company is a young, well funded and profitable organisation operating in the service and construction industries. Ambitious *growth and diversification* plans should lead to a full market listing within 2-3 years, built on a successful trading record to date.

Your role as Financial Director will be to provide a broad-based, practical input to the management of the Company. Producing regular accounts and control data will be essential, but more important will be the development and implementation of financial strategies to maintain profitability and achieve internal growth and acquisition plans.

This is a very attractive opportunity for an ambitious qualified Accountant with *flair* and business *acumen*. Experience of investment appraisal, foreign exchange and treasury responsibility would be ideal; a service and/or construction industry background would be useful, including European exposure.

The package includes a salary c£35000, company car, pension scheme and substantial share option potential. Career development will be exciting as the Company achieves planned growth.

Telephone Alan Forrest on Chertsey (0932) 563213 (days) or Maidenhead (0628) 74987 (evenings/weekends). Alternatively, write with full career details to him at Strategic People Recruitment, The Range, Dockett Eddy Lane, Shepperton, Middlesex TW17 9NT.

STRATEGIC PEOPLE RECRUITMENT

ACA'S WITH LANGUAGE POTENTIAL

London/Europe — **£ High Base + Car**

This US multinational corporation is one of the world's most respected organisations. It is highly successful and has substantial European operations. This success has resulted from its innovative R & D, product development and acquisition policies.

Very occasionally an opportunity arises for a high calibre individual to join their team of London based professionals. This team undertakes projects of an analytical and investigative nature, and its activities impact directly on the decision making process at an international level.

As a result of internal promotion, we have been retained to search for an exceptional person, aged 25-29 who can demonstrate outstanding technical ability, combined with commercial flair and management potential.

Interested applicants should submit a brief CV to the address below or telephone David Ryves on 01-930 7850. Alternatively for those interested in finding out more about this opportunity, exploratory meetings can be arranged at the following locations over the next 3 weeks: **London, Brussels, Paris, Milan, Birmingham, Manchester, Bristol and Southampton.**

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
66-68 Haymarket London SW1Y 4RF Telephone: 01-930 7850

Career development opportunity in multi-national group

MANAGEMENT AUDIT

Based UK or Belgium

A Bermuda based transportation group with operations in the UK, Continental Europe and North America seeks a commercially minded accountant. Reporting directly to the Group Vice-President, Finance, the successful candidate will set up and operate a management audit function and will also carry out a variety of special projects and investigations.

Applicants should be computer literate qualified accountants, capable of earning rapid promotion in a group with a proven record of developing talented people on the fast-track.

Since travel will initially be primarily within Continental Europe, willingness to be located in Belgium is preferred, but not essential. An attractive remuneration package will be negotiated.

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref: 2860/FT, to G. J. Perkins, Executive Selection Division.

Touche Ross
The Business Partners
Thavies Inn House, 3/4 Holborn Circus, London EC1N 2HB. Tel: 01-353 7361.

Director of Finance

£27,279 to £30,867

The Sports Council is a progressive public body with a continuing commitment, under its Royal Charter, to improve sports facilities and develop sports participation. As *part of this programme*, we are expanding our areas of activity, re-examining the functions of our national sports centres and generally reviewing our structure and management.

To meet these new challenges, we are seeking to appoint, on a permanent or fixed-term basis, a Director of Finance who will be a *key member of a small, senior management* team headed by the Director General.

The post offers a unique opportunity for the right person to make a significant impact on the forward planning and policy development of the Council.

The postholder's prime function will be to *develop and propagate* – within the Sports Council and with National Governing Bodies of sport and other organisations with which the Sports Council has common interests – enlightened financial policies which will advance the development of sport. He/she will be particularly concerned with ensuring that financial policies and systems are *effectively installed and operated*, that proposals for investment are properly appraised, that adequate financial information is used and financial systems are effective.

He/she will take the lead in preparing the Corporate Plan, bids for resources and estimates and will represent the Director General on appropriate occasions.

The successful candidate, probably between 25 and 50 years of age, will need to have considerable management ability, together with a wide knowledge of general administrative processes. An interest in new technology and sympathy with the aims of the Sports Council are highly desirable.

An Accountancy qualification is essential.

If you wish to be considered for this post, please submit detailed curriculum vitae, in confidence, to:

Les Wright,
Principal Personnel Officer
The Sports Council
16 Upper Woburn Place
London WC1H 0QP

Closing date: 23rd November 1987

AN EQUAL OPPORTUNITIES EMPLOYER

SPORTS COUNCIL

TREASURER/FINANCIAL CONTROLLER

Attractive Tax-free Salary Package

TURIN, ITALY

The International Centre for Advanced Technical and Vocational Training, which is affiliated with a major United Nations Agency, is seeking a mature, energetic financial executive of proven ability to become a key member of the Senior Management Team with full responsibility for all financial management functions.

Applicants must be members of an internationally recognised accounting Institute (Chartered Accountant, Certifed Public Accountant) with extensive experience in senior financial management. *Good working knowledge of French or Italian desirable.*

CV's should be sent in confidence to:

The Director
Turin International Centre
DIR/TURIN
Case Postale 500
1211 GENEVE 22
Switzerland

quoting reference FT/TRN/1/87

GROUP CHIEF ACCOUNTANT

This is an outstanding opportunity for a high calibre individual to join an established, well-run, expanding Group involved in international marketing, leisure and manufacturing, at a most interesting period in its development.

The principal functions of this position are the control of all accounting and reporting requirements of the Group. Promotion to Director level is anticipated for a person showing the necessary drive and ability. The location is Aylesbury, in new purpose-built premises.

The successful applicant will be a qualified Accountant, probably aged between 30 and 40, with experience in small/medium sized companies. Salary will be negotiable around £23,000, plus a car and a full range of benefits, including opportunities for international travel.

Please write with details of career to date and current salary package to:

Box A.0720, Financial Times
10, Cannon Street, London EC4P 4BY.

SENIOR ACCOUNTANT

Abu Dhabi

Salary PD.STG.30,000 Free of Tax + Substantial Benefits

A leading public sector Financial Institution requires one Senior Accountant for its Finance Department in Abu Dhabi.

The Institution concerned is actively involved in worldwide securities and other Investment on a large scale. The organisation uses sophisticated investment techniques and employs the *latest data processing and communications technology.*

The candidates appointed will assist the existing management accounting team in the Finance Department in the following projects:—

1. The development of management information reporting systems.
2. The development of performance analysis and other management reporting techniques and
3. Preparation of annual budget and budgetary control.

Scope for personal initiative and creativity is high. Duties will involve extensive contact with Directors and Managers and the position offers first class experience.

Candidates should be qualified Accountants aged between 28-35 with good academic record. Relevant professional experience gained either in a leading international audit firm or directly in an Investment Bank or other major institution is essential. Energy, creativity and tact are key personal requirements.

The candidates will be required to live in Abu Dhabi on married or single status. The remuneration package offered includes a substantial salary, transport allowance, furnished accommodation inclusive of all service, 45 days leave per annum, annual return airfares to place of origin, free health care, assistance with education of dependent children and a substantial terminal gratuity. Salary and benefits are at present free of all taxation.

Please send full career details to:—

The Director, 18th Floor, 99 Bishopsgate, LONDON, EC2M 3XD.

Interviews will take place in London and in Abu Dhabi in November 1987 or December 1987.

Financial Controller

£ negotiable — **Isle of Man**

Our client is a leading Independent Trust and Corporate Services Group with a world-wide clientele. Its reputation is based on providing consultancy services through a unique blend of legal, banking, secretarial and accounting disciplines, backed by specialised administrative systems.

Currently enjoying an impressive growth record, the group is now seeking to appoint a Financial Controller to take full responsibility for the accounting function.

Reporting to the Managing Director, your responsibilities will be to control the total accounting function and improve existing computerised management reporting systems.

A qualified accountant, you will have a sound understanding of computerised accounting systems and have a minimum of five years' experience. You will be familiar with the requirements of a time-based service organisation and as a key member of the management team, have the personal qualities to readily earn the *confidence and respect of your staff and professional colleagues.*

Initial rewards will include negotiable salary in the range £15K-£20K, share incentive scheme, and non-contributory pension. Relocation assistance is available to this attractive island whose advantages should increase your disposable income by 20%. Success will lead to rapid career advancement and a seat on the Board.

Please write with full career details – in confidence – to Roy Hammond, ref B.13025.

MSL International (UK) Ltd,
Sovereign House, 12-18 Queen Street, Manchester M2 5HS.

Offices in Europe, the Americas, Australasia and Asia Pacific.

MSL International

MANAGER INTERNAL CONTROL

£25,000 NEG

A Stockbroking subsidiary of a major financial services group requires an internal controller to redevelop and take responsibility for the operational accounting and compliance functions of the company.

Applicants should preferably be qualified accountants in their early 30's, possessing several years experience in the securities industry. The ability to prepare financial reports in accordance with Stock Exchange requirements and the Companies Acts is essential, together with *experience of computerised systems*, preferably C.C.E

Benefits include: Company car; 27 days holiday; profit share; mortgage subsidy and other banking benefits.

Please write to M. Blundell Jones, Portman Recruitment Services Limited, 13/14 Great St. Thomas Apostle, London EC4V 2BB.

PORTMAN
Portman Recruitment Services Limited

EXECUTIVE SELECTION

£35,000 package

Harrison Willis was established in 1959, but it was not until a management buy-out in 1983 that the company started developing to its full potential. Since the buy-out we have grown significantly and are now looking forward to further expansion and diversification.

We now wish to establish and expand our Executive Selection arm in conjunction with the already successful and thriving commercial and industrial division. The position will involve working closely with an existing senior consultant.

The role will require an individual with previous experience of handling executive level assignment work. It is essential that you can communicate effectively at all levels and are well presented. You will be a graduate and enjoy the challenge of setting up a new business area, aged 27-32 and full of initiative.

*If you feel you meet all these criteria, please write to **Laurence Smith**, Managing Director, at the address below in confidence enclosing a full curriculum vitae or call him on **01-629 4463** during the day, alternatively on **0580 211562** during evenings or weekends.*

HARRISON WILLIS
FINANCIAL RECRUITMENT CONSULTANTS
CARDINAL HOUSE, 39-40 ALBEMARLE ST., LONDON W1X 3FD. TEL: 01-629 4463.

APPOINTMENTS ADVERTISING

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For further information call 01-248 8000

Tessa Taylor ext 3351
Deidre Venables ext 4177
Paul Maraviglia ext 4676
Elizabeth Rowan ext 3456
Patrick Williams ext 3694

Financial director (designate)

NW London, c£40,000+

This is a new role and a key appointment in the continued development of a rapidly expanding and highly profitable international group.

Our client, renowned for its expertise in a particularly specialised trading sector and employing a comprehensive leading edge technology base, have produced record levels of turnover and profitability for several years running. Substantial growth is planned for the future.

Reporting to the Managing Director, with total responsibility for financial accounting, auditing and company secretarial duties, you will play a major part in directing the company's future throughout the United Kingdom.

A Chartered Accountant, probably aged 34–42, you will form part of a young and dynamic team and be expected to bring to bear a considerable input relative to line management and make a significant contribution to continue the growth pattern of the last few years, both through acquisition and by internal growth.

Without a doubt, this is a first class opportunity calling for a top flight candidate with a strong personality who by motivation and creativity will be able to advance within the company and stand measurement alongside the current successful top management structure.

Terms of engagement are excellent, and in addition to the base salary they include a share option scheme, pension contribution, BUPA and company car.

If you consider you match up to the high standards of the colleagues you would be joining, please send a résumé, including a daytime telephone number, to John Sanderson Watts, Ref. SW806.

Coopers & Lybrand Executive Selection

Coopers & Lybrand
Executive Selection Limited
Shelley House 3 Noble Street
London EC2V 7DQ
01-606 1975

Accounting Controller

Recently qualified

Amsterdam **fl 100,000 (£30,000)**

Internal promotion within this major Canadian group, listed on both the London and Toronto Stock Exchanges, has led to the need to recruit an Accounting Controller for its finance and investment company in Amsterdam. This operation plays a key role in the group's European financial operations which provide a substantial contribution to group earnings.

The successful candidate will take responsibility for:
- the administration of the local accounting function and the maintenance of financial records for a group of international financial and holding companies;
- the preparation of monthly reports, annual budgets, forecasts and annual financial statements;
- the completion of ad hoc financial exercises as necessary.

The position offers considerable exposure to Senior Management, plus the opportunity to become involved in the financial aspects of related tax and legal affairs.

Applicants should be young (aged 25-30), ideally single, and finalists or recently qualified accountants with sound experience in accounting, financial administration and reporting.

Maturity, good communication skills and the potential to grow within the group are essential. A two year period in Amsterdam is envisaged.

An excellent package, including tax benefits and relocation, is offered. Initial interviews will be held in London.

If you are interested in this high profile position, based in one of Europe's most exciting capital cities, contact Stephen Burke on 010 31 20 266 776 at Michael Page International, Amstel 344, 1017 AS AMSTERDAM, The Netherlands.

MP
Michael Page International
Recruitment Consultants
London Amsterdam Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

Management Consultancy

Scotland **to £35,000 + Car**

Our client is a highly successful, well respected 'Big 8' firm of management consultants whose recent record of expansion is outstanding.

This growth necessitates the recruitment of a number of high calibre commercially orientated accountants to strengthen the team. Key areas of involvement will be business reviews, strategic planning, financial systems implementation, cost reduction exercises, corporate recovery, acquisitions and management buyout reviews.

Candidates, aged 26-35, will be qualified accountants of graduate intellect who can demonstrate an outstanding track record of achievement within 'blue chip' organisations. An outgoing and ambitious personality coupled with the ability to communicate effectively with all levels of management are essential prerequisites for these roles. Career prospects are excellent. Relocation facilities are available where appropriate.

Interested applicants should contact **Stephen J. Broadhurst**, quoting ref: G8705 at **Michael Page Partnership, 150 George Street, Glasgow G2 2HG. (Tel: 041 331 2597).**

MP
Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

FINANCIAL CONTROLLER – MANUFACTURING

Surrey **to £25,000 + car**

An internationally-based producer of specialist electronic equipment is seeking a Financial Controller for its Manufacturing Division. The company is currently specifying new computer systems to provide integrated accounting, purchasing and manufacturing systems.

The Controller will play a major role in the introduction of the new systems within manufacturing and will control accounting and budgeting practices within the Division. He or she will lead a small team who also provide some accounts functions to the whole company. Above all the Controller will provide comprehensive management information and guidance.

The successful candidate will be a qualified accountant with experience of modern manufacturing and accounting systems. Drive, initiative and an outgoing personality are essential. Promotion prospects are excellent. The location is accessible from many areas of the South East. Relocation expenses will be paid where appropriate.

Please send a comprehensive career résumé, including salary history and day-time telephone number quoting reference 2859 to Frank Hobson, Executive Selection Division.

Touche Ross
The Business Partners
Thavies Inn House, 3/4 Holborn Circus, London EC1N 2HB. Tel: 01-353 7361.

Financial Manager

EAST ANGLIA **£18,000 + CAR + Benefits**

Our client is a highly successful, expanding group of companies specialising in the construction of yachts and the provision of marina and chandlery services in an attractive waterside setting.

An opportunity has arisen for an energetic, mature, qualified accountant, aged 35-45, to take responsibility for all the financial aspects of the group. Reporting to the Financial Director, the successful candidate will control a small team producing all financial accounts and management information for activities ranging from retail sales to property management. Experience of controlling and developing computerised systems would be an advantage.

An attractive package is offered together with every opportunity for further advancement within a successful and dynamic team.

Please send a full CV with a covering letter to Mr. J. G. Manley quoting reference 0336.

MOORES & ROWLAND
50 St. Andrew Street,
Hertford, Herts. SG14 1JA
MOORES & ROWLAND MANAGEMENT ADVISORY SERVICES LIMITED

CHIEF ACCOUNTANT

Hampton **£ negotiable + car**

The Sloggett Group is engaged in a wide variety of construction activities which include a rapidly expanding Property Development Division at Hampton.

This Group now requires a qualified Accountant (ACA or ACCA) ideally with some experience in the Property Development and Investment field, to work closely with the Managing Director. Management accounts, reports and budgets are produced and monitored on a monthly basis, and the postholder will also take responsibility for financial accounts' company secretarial administration, and establish new systems.

An enthusiastic, shirt-sleeves approach is required. This is an excellent career opportunity to be a key member of a Group that has achieved considerable growth and foresees continuing expansion in the future.

Please write, enclosing a career/salary history and daytime telephone number to Mr D. K. Sloggett, Managing Director, *Sloggett Group, 209 High Street, Hampton Hill*, TW12 1NR. 01-977 9261.

SLOGGETT GROUP

Financial Executive Venture capital

Managed Technology Investors (MTI) is a Limited Partnership designed specifically *to make available risk capital and* management resources to British high-technology companies. MTI was formed as a result of a joint initiative by Morgan Grenfell, the PA Consulting Group and the Prudential.

A Financial Executive of the highest calibre is required to lead the team responsible for all legal, financial and fiscal functions associated with the business of MTI and its general partner, MTI Managers Limited. The varied and challenging duties will also *involve participation in the monitoring and* management of investee companies, and in the negotiation of investments.

This demanding position will appeal to qualified accountants, in their late 30s, with several years' experience of financial and management accounting, preferably gained in a manufacturing environment, who would welcome a career progression into venture capital. Previous involvement with corporate administration, finance and *funding would be an advantage*, as would experience of the high-technology sector.

An excellent remuneration package is offered, including a performance bonus, participation in the success of the investment portfolio, executive car, and *large-company benefits. Relocation* assistance will also be provided if appropriate.

Please write, including a brief cv, to Dr Paul Castle, MTI Managers Limited, 70 St Albans Road, Watford, Herts WD1 1RP.

MTI MANAGERS

Finance Director

Yorkshire **C. £30,000 + Bonus + Car**

Tunstall Telecom Limited is the £25m market leader in sophisticated emergency communication systems. The major subsidiary of an expanding electronics-based group, the company is committed to exciting growth plans linked to a considerable *R & D investment programme.*

This is a high profile Board role demanding a significant contribution to strategic planning and the overall commercial management of the business. Applicants, ideally aged 30-35, must demonstrate keen financial awareness gained through a successful track record in progressive manufacturing operations. The ability to continue the development and integration of financial and management information systems will also be a key factor.

The attractive remuneration package indicated is backed by a comprehensive range of benefits including a fully financed prestige car and relocation expenses where necessary.

Interested applicants (male or female) should send a detailed CV or telephone for *an application form on 0625 533364 (24 hours) quoting reference 1292/FT.*

Wickland Westcott & Partners
LONDON·PARIS·BRUSSELS·DUBLIN
Executive Selection/Management Development
Springfield House, Water Lane, Wilmslow, Cheshire SK9 5QS. Telephone: (0625) 532446.

SULTANATE OF OMAN

MANAGER — CREDIT

A rapidly expanding Commercial Bank in Oman, with over thirty branches, wishes to recruit a Credit Manager.

We seek a committed and enthusiastic young Banker to head up the credit function, and to contribute to the development and training of the Bank's Omani staff.

Reporting to the Chief Executive, the position offers good career prospects and competitive terms. It is anticipated that this position will appeal to Bankers in the 33-38 age range, who have a strong formal background in Credit Assessment and Financial Analysis.

CVs, to be received by 10 November 1987, should be sent to:

Miss C. D. Hawksworth
CHERYL HAWKSWORTH LIMITED
Collier House, 163-169 Brompton Road, London SW3 1HW
Tel: 01-589 4567 — Fax: 01-581 8933 — Telex: 919924 Collie G

Hawley Group

Senior Financial Executives

Hawley Group is one of the world's largest international service groups with substantial operations represented by its four core service divisions of Cleaning and Building Services, Hospital Housekeeping and Food Services, Security and Communication Services and Auction Services. Sales are currently more than $1.5 billion per annum.

A number of senior financial positions exist within the Group in the United States, the United Kingdom and Australia. Qualified accountants who are seeking a challenging and stimulating work environment are invited to submit their curriculum vitae.

The remuneration package for the successful candidates will not be a limiting factor and will reflect the demands imposed on, and the responsibilities of the position to be filled.

Send your replies to the Group Finance Director at either:

5 Hanover Square
London, W1R 9HE

101 Eisenhower Parkway
Roseland
New Jersey 07068

Hoggett Bowers

Executive Search and Selection Consultants

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD and WINDSOR

A MEMBER OF BLUE ARROW PLC

Qualified Accountant

Treasury Role
Central London, To £25,000, Car

This international Group has an outstanding growth record with a current annual rate of sales of over £1 billion. The demands now placed on the Treasury function have created the need for a new managerial position reporting to the Treasurer. Primary duties will be the day to day running of the department and will include cash management, dealing with funding sources and reviewing operational requirements. Additionally, there will be a responsibility for the development of computerised systems. This is a first class opportunity for a Chartered Accountant aged up to 30 who is seeking Treasury experience. Career prospects within this expanding Group are excellent.
I.L. Duff, Hoggett Bowers plc, *1/2 Hanover Street*,
LONDON, W1R 9WB, 01-734 6852. *Ref: H14023/FT.*

Financial Controller

Consumer Durables
East Anglia, £20,000, Car

The Company, a subsidiary of a major British engineering group, distributes the spare parts of the parent company's consumer durables to several thousand small and medium sized businesses throughout the country. This profitable business, which operates in an increasingly dynamic trading environment has a growing turnover of £5m. There are 100 employees based at Head Office and several distribution centres throughout the country. Applicants, who must be qualified accountants, will be responsible for the provision and interpretation of financial management accounting information. Of key importance is the ability to utilize computer information systems. Age need not be a ruling factor, but commercial awareness, creativity and the ability to help develop a growing business is of key importance. Reporting and working very closely with the Managing Director this position should lead to a Directorship in due course and overall opportunities within the group are outstanding. The normal fringe benefits package is offered, plus car and assistance where appropriate to this extremely attractive location.
M. Stein, Hoggett Bowers plc, *1/2 Hanover Street*,
LONDON, *W1R 9WB*, 01-734 6852, *Ref: H17017/FT.*

These positions are open to both male or female candidates. Please telephone for a Personal History Form to the relevant office, quoting the appropriate reference.

Business Controllers

...two newly created, challenging positions

Thames Valley to £23,500 + car allowance

Our client, part of a major UK organisation, has recently been restructured into key business areas to accommodate its ambitious growth plans.

As a result there is now a requirement for two commercially minded accountants each to play an essential role as the controller of a business sector.

In addition to all management accounting, you will also be responsible for the complete planning process and for the financial appraisal of capital projects, acquisitions and new products.

The position will call for a high level of original thought as the problems encountered in the revised structure will often be entirely new.

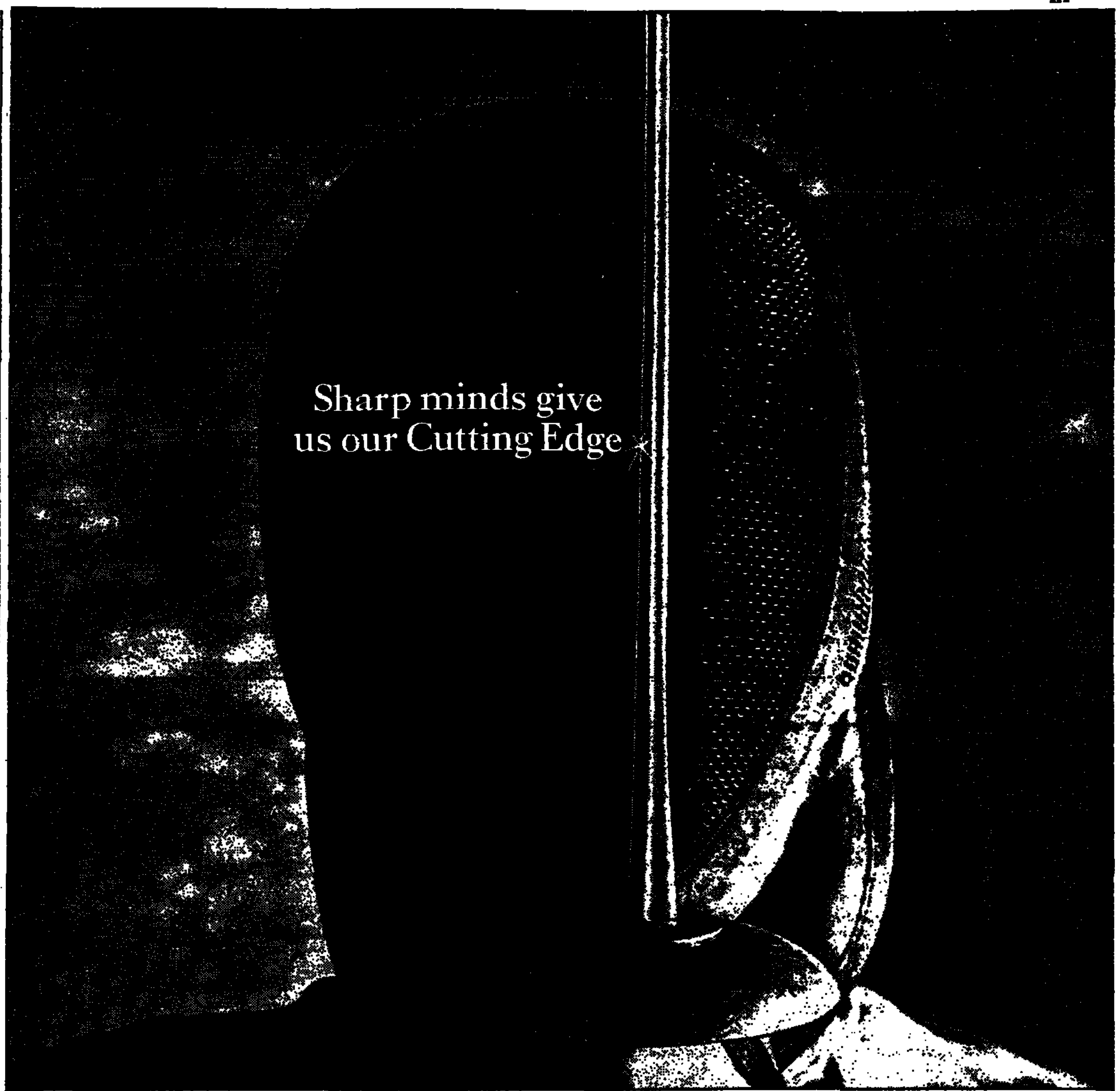
A qualified accountant, you will need a sound track record in a commercial environment and a firm, down-to-earth approach. Management credibility and the ability to articulate your thoughts clearly will be essential personal qualities.

If you consider that you meet these requirements, please write with full details including current salary to Nigel Bates FCA, ref.B34019.

MSL International (UK) Ltd,
52 Grosvenor Gardens, London SW1W 0AW.

Offices in Europe, the Americas, Australasia and Asia Pacific.

MSL International



Accounting for the performance of an energy company is a complex and constantly changing challenge. The sums involved are large and it's no place for the faint-hearted.

Conoco is one of the UK's leading energy companies. We are involved "upstream" in exploration and production, and "downstream" in refining, distribution and marketing. A confident investor in the North Sea for 25 years, we have launched a £750 million programme to develop new offshore gas fields.

Only the best young qualified Accountants are good enough to meet the challenges we offer. And if you're one of them, Conoco has the breadth of opportunity you need to achieve your aspirations.

We're not looking for "bean-counters" or narrow specialists. We are looking for creative, visionary, flexible and technically capable professionals who actively seek a range of different challenges that will propel them to the peak of their careers.

Such men and women are hard to find. Which is why the search is now on throughout the UK for the brightest young qualified Accountants in industry and the profession.

The rewards we offer are high – including an exceptional relocation programme featuring substantial help to defray the difference in value between the home you leave and the comparable one you move into in the London area. And of course we provide the full package of benefits to be expected from a blue-chip company.

If you wouldn't be out of your depth in North Sea energy, please send your c.v. to Tony Strudwick, Employee Relations, Conoco (UK) Ltd., Park House, 116 Park Street, London W1Y 4NN. Tel: 01-408 6938.

- High profile roles
- London HQ - international dimension
- Wide scope and career potential
- Exceptional relocation offer
- £20,000 - £24,000pa.

CONOCO

Conoco is a subsidiary of the Du Pont Company

Financial controller

Croydon
c£18,500 + Car + Benefits

We are weekly newspaper publishers publishing 12 titles with a turnover in the region of £9m. This new position has been created as a result of the continued growth of the company's products.

The successful applicant will be responsible for the operation and co-ordination of all financial functions, will control a staff of 20, report to the finance director and be expected to further develop our computerised systems. Responsibilities include preparation of monthly and annual accounts, statutory accounts, tax comps, cash flow, budgets and auditing.

This is a senior position and the job holder will be expected to make a positive contribution to the management of the business.

Applicants should be qualified accountants with good post qualification experience.

Please write with a full C.V. to:

C. M. Lewis, Director & General Manager,
Croydon Advertiser Group Limited,
Advertiser House, Brighton Road, South Croydon,
Surrey CR2 6UB.

International Audit Manager

Our client is a leading multi-national group in the consumer goods sector. Rapid developments have resulted in the need to increase the strength of its internal audit department presenting a challenging opportunity for someone ready to undertake extensive international travel.

Your main role will be to provide audit expertise in leading teams and pursue objectives such as adequacy or organisational structures, security of information systems and evaluation of performances.

You should be a Business Graduate and/or a Qualified Accountant, have some experience of auditing either within the profession or in industry and should have an understanding of the broader concepts of internal consultancy implied in this function.

This is an excellent opportunity to build a business career by acquiring a broad-based experience across a wide range of consumer product operations and a variety of cultures.

Please send your curriculum vitae to the Consultants of the Company:

MANAGEMENT AND EXECUTIVE SELECTION,
C.P. 11, 1025 ST-SULPICE,
LAUSANNE, SWITZERLAND.

CORPORATE ACCOUNTANT

Applied Communications Inc of the USA, the world's most popular EFT software Vendor is seeking a highly qualified dynamic and ambitious young Accountant for a two year special assignment in connection with a US related project in the UK, working out of Applied Communications UK Ltd offices in Watford. The ideal candidate will have a degree level US accounting qualification, at least four years general accounting experience, and an intimate knowledge of US accounting procedures and income tax matters. A CA qualification and first hand experience in the use of computers would be an advantage. A competitive salary and excellent benefits package will be offered to the right candidate. Please reply with CV to:

Box A0712, Financial Times,
10 Cannon Street, London EC4P 4BY

Young Qualified Accountant-Financial Control

c. £20,000 + bonus
+ mortgage subsidy
+ banking benefits

ACA or ACCA

Nikko Securities is one of Japan's leading financial institutions, expanding in Europe as a leading capital market's trader, broker, underwriter and distributor of securities.

A recently qualified accountant is now required to assist the Financial Controller and assume responsibility for financial compliance with the self regulatory organisations. He or she will also ensure that the requirements of the Company under the Financial Services Act are met and appropriate internal systems developed.

Previous City experience would be useful but is not essential. However, the successful candidate must be capable of understanding thoroughly recent legislation affecting the securities industry, in particular the rules of The Securities Association.

An attractive compensation and benefits package is offered together with an excellent opportunity to gain valuable experience in the Financial Services sector of the economy.

Please write enclosing a full CV to Alastair Wood, Personnel Department, Nikko Securities Co., (Europe) Ltd, 17 Godliman Street, London EC4V 5BD.

The Nikko Securities Co., (Europe) Ltd.

TAX MANAGERS

GET A CLEARER VIEW OF THE WORLD'S NEW FINANCIAL PRODUCTS

With an ever expanding portfolio of financial sector clients, we already provide tax advice to some of the most prestigious names in the banking and financial world. To sustain our growth we're now seeking business-minded Chartered Accountants with tax experience in their 20s and 30s who are keen to join a bright, innovative, and highly successful international team of capital market specialists.

To service this market we have established fully integrated industry teams in the major financial capitals of the world. As part of the London operation you will be involved in advising clients on the international tax implications of their operations including global trading, new financial products such as futures and options, remuneration planning and mitigation of VAT expense.

You'll benefit from our extensive training programme, an initial salary package of at least £30,000 plus a choice of company car and the chance to gain experience in this exciting business sector.

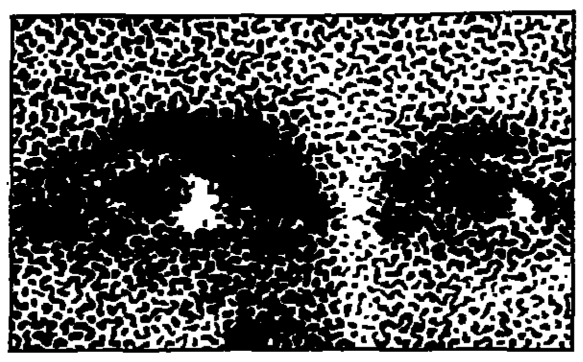
We'll also improve your career prospects, giving a real opportunity for advancement to partnership in our rapidly growing practice.

These are influential positions, servicing your own group of clients. What's more, the majority of your work will be tax and business consulting providing interest and continuous intellectual challenge.

We believe that the opportunities in tax with Arthur Andersen are exceptional.

Why not see for yourself by spending time with us, talking to a cross section of our team.

To take the first step, contact Richard Gould (Tax Personnel), Arthur Andersen & Co, 1 Surrey Street, London WC2R 2PS.



ARTHUR ANDERSEN & CO.

HUMBERSIDE POLICE

Director of Finance and Administration

£30,960

This new civilian post has been created to give financial and administrative support to Humberside Police as a key part of the force's management process. The post complements two existing posts of Assistant Chief Constable and is at an equivalent level in terms of position and salary in the management of the organisation.

Reporting to the Deputy Chief Constable, the postholder will be responsible for the management and control of all financial, administrative and support services including civilian personnel and the vehicle fleet, and will contribute to the formulation of Force policy through membership of the Force Policy Group.

The police budget is approximately £53m per annum, with 1972 uniformed and 771 civilian personnel. The County Council through its Police Committee is committed to ensuring value for money while maintaining a high level of police service in the County. A number of recent initiatives promise an exciting and challenging future in meeting the demands facing the police service into the 1990's.

The successful candidate is likely to be a graduate or equivalent with an accountancy qualification and with several years' experience at senior management level in a large organisation.

Application forms, to be returned not later than 12th November 1987, job description and further information available from the Chief Executive, Humberside County Council, County Hall, Beverley, North Humberside, Tel.: (0482) 867131, Ext. 3497.

Humberside County Council
Working towards equal opportunities

OPERATIONAL REVIEW + MANAGEMENT = SUCCESS

London Based | Aged 23-29

This £3 Billion highly diversified consumer products group forms part of a large US multinational organisation. Due to rapid growth both organically and acquisitively they are recruiting 2 *outstanding individuals* who are looking to assume senior management positions within this challenging and competitive environment.

THE OPPORTUNITY

- Demands involvement with all levels of group and company activity
- Will develop your skills in management and systems consultancy
- Offers management development with one of the UK's foremost company's through a policy of promoting from the department into line management
- Is designed to promote commercial rather than pure accounting capabilities

THE INDIVIDUAL

- Aged 23-29 with a recognised accountancy or business MBA qualification
- Will be commercially aware and an able communicator
- Will have an established track record gained in industry or the professions
- In return for your commitment and contribution a highly competitive salary and benefits package will be offered.

Undoubtedly this is an exciting time to join this prestigious organisation, providing successful candidates with an excellent career structure. If you believe you possess the qualities to go with this company's requirements then please contact Simon Hewitt or Charles Austin, quoting reference A077, on 01-488 4114, or write to them at Mervyn Hughes International, Management Recruitment Consultants, 63 Mansell Street, London E1 8AN.

Tomorrow's Challenge

City | **From £20,000 + Car**

Continually striving to break new ground, our client, a major City service group, is currently diversifying its trading activities within the UK. The group is on the acquisitions trail and committed to substantial growth in the foreseeable future.

Consequently, a qualified accountant is sought, aged mid 20's, who can identify with this single minded approach and is eager to take on a variety of challenges. The immediate requirement being the establishment and implementation of financial and management information systems for recent acquisitions, geared to supporting their business objectives both today and in the future.

Career opportunities are exceptional and the position represents a rare opportunity to join the group at an exciting stage of growth and make a positive contribution to its continued success. Salary will not be a limiting factor and there is a comprehensive benefits package. Relocation expenses where appropriate will be met.

Write with full CV and daytime telephone number to Patrick Donnelly quoting ref: FT/011.

Consultants
MANAGEMENT · SELECTION
314/316 Vauxhall Bridge Road, London SW1V 1AA. Tel: 01-828 2273.

Financial Controller

Belgium | **Excellent Package + Car**

Our client is one of the fastest growing companies in the computer field with a tremendously strong client base in both the United Kingdom and throughout their European operation. They now wish to recruit an experienced Financial Controller to be based in Belgium.

Reporting to the Group Financial Director and working closely with the local General Manager, you will be responsible initially for all aspects of financial control within the Group's Belgium subsidiary. An understanding of and exposure to reporting requirements for European subsidiaries within France, Belgium, Holland and Germany would be a distinct advantage and a knowledge of the French or Flemish language would be preferred.

Candidates, aged 25-35, should be a Chartered Accountant, who can display commercial awareness together with professional financial skills. Self-motivation and the ability to manage a team in order to achieve the high professional standards our client requires is essential.

This is a permanent position within the Group and an ideal opportunity for international experience in an operational growth environment over a 2-3 year assignment.

In return for these demanding qualities our client offers an excellent salary, initial accommodation expenses, a quality company car plus other large benefits.

If you would like to further your career with a highly professional, fast growing and competitive organisation, then reply in confidence giving concise career details to:-
John Holmwood,
Managing Director,
Hoggett Bowers Advertising,
The Beeches, 1 Rushford Avenue,
Manchester M19 2FE.

Hoggett Bowers Advertising

LONDON · MANCHESTER · NOTTINGHAM

FINANCIAL CONTROLLER

ISLE OF MAN

The opportunity to develop your career in a rapidly expanding international investment management firm.

This newly created position will appeal to a recently qualified accountant who is now ready to undertake a leading operational role in a top quality international investment management firm. The Company's growth rate since its inception 4 years ago has been spectacular and is attributable to its outstanding performance record and its high standards of client service and administration.

The role will primarily involve responsibility for the Company's financial and management accounting, the provision of an internal audit service and the design of accounting systems to meet the Company's product development needs. Experience gained within a financial services group, whilst not essential, would be an advantage.

The position is based in the Company's Isle of Man administration centre which operates as a self-contained unit. The Isle of Man is a very attractive working location, offering low-priced housing, excellent recreational and leisure facilities and an income tax rate of 20%. A competitive salary is offered together with free medical insurance and non-contributory pension scheme.

If you would like to be considered for this appointment, please write in complete confidence to:– **John Sears and Associates, Executive Recruitment Consultants, 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1H 9BP or telephone 01-222 7733 for a preliminary discussion.**

John Sears and Associates A MEMBER OF THE SMCL GROUP

FINANCIAL CONTROLLER STOCK EXCHANGE COMPANY

An expanding financial services group requires a financial controller for its stockbroking subsidiary.

Candidates should be qualified accountants with some post qualification experience. The successful candidate will oversee all aspects of financial control systems, including credit control and budgetary disciplines.

A salary of £20,000+ together with an interesting benefits package is envisaged.

Send a full CV to:
The Managing Director,
Box A0707, Financial Times,
10, Cannon Street, London EC4P 4BY

CHIEF ACCOUNTANT/FINANCE DIRECTOR DESIGNATE

South/West Yorkshire c£16,000 + Profit Share and Car

The company is a long established and successful manufacturer of quality products and is a member of a substantial group.

Financial control is of paramount importance and the position will suit an ambitious and committed shirt-sleeved accountant with a positive attitude to responsibility.

Candidates must be qualified accountants (ACA, ACMA, ACCA) aged 25-35, capable of implementing financial controls as well as taking an active part in the general management of the company including the continuing development of computer based systems.

Rewards include an excellent remuneration package with attractive profit share and appointment to the board.

Applications should be addressed to:
J. W. Armstrong C.A., Newship Group, Ltd., Clive House, 12-18 Queens Road, Weybridge, Surrey.

Planning Manager

West of London

c£30,000 + car + share options

This highly successful major retail company (t/o 700m) has an impressive growth record which is expected to continue.

This role has involvement in decision making at board level and responsibility for a small professional team.

Due to promotion they seek a graduate calibre accountant, age indicator 28-33, who should have:

- The strength of personality to operate at senior executive level and in a pressurised environment.
- Proven experience of commercial decision making coupled with analytical skills.
- A creative and persuasive communicative ability.
- Experience within marketing orientated companies.

For an individual possessing these qualities the career prospects are excellent. Relocation assistance will be available if required.

Please write enclosing full resumé quoting ref: 148 to:-
Nigel Hopkins FCA,
97 Jermyn Street,
London SW1Y 6JE.
Tel: 01-839 4572

Cartwright Hopkins
FINANCIAL SELECTION AND SEARCH

Company Accountant

£18-20K + Car and Benefits | **Enfield**

Gor-ray is a market leader in top quality fashion for an international market. A recent management buy-out has initiated a new impetus and the company is now ready to meet the changing demands of the fashion industry head on.

The person appointed will be responsible for the preparation of timely and accurate monthly financial reports. A key task will be to develop and implement a sophisticated integrated costing system into existing financial systems.

Candidates, aged 25/35 will be qualified accountants with industrial experience involving costing and computerised accounting systems.

This is an excellent opportunity for an innovative committed person to play a decisive role in the future of this company with a real possibility to progress to Financial Director.

The company offers a competitive salary with a good benefits package, along with excellent career prospects.

Please write in complete confidence, with full CV to: Lynne Waterhouse, Arthur Young, St. Nicholas House, 15-17 George Street, Luton, Beds. LU1 5DJ.

APPOINTMENTS ADVERTISING

£43 per single column centimetre

Premium positions will be charged £52 per single column centimetre

For further details call:

01-248 8000

Tessa Taylor Extn 3351 — Paul Maravigna Extn 4676
Deirdre Venables Extn 4177 — Elizabeth Rowan Extn 3456
Patrick Williams Extn 3694

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday November 5 1987

Genentech wins right to US royalty claims

BY LOUISE KEHOE IN SAN FRANCISCO

GENENTECH, the US bio-engineering company, has been awarded a broad US patent which will enable it to claim royalty payments from the sale of a wide range of biotech products sold by its US competitors.

The patent covers one of the basic techniques of the biotechnology industry in which micro-organisms are used to create useful proteins.

Mr Robert Swanson, founder and chief executive of the California-based company, said the patent represented "recognition of the pioneering scientific efforts" of his company.

The research that led to the technique covered by the patent was the first conducted by Genentech when the company was founded in 1976.

Genentech originally applied for the patent in 1977, but the claim was delayed until a 1980 US Supreme Court decision on whether new "life forms" were patentable.

The patent was further held up by a dispute between Genentech and the University of California – where much of the original research was conducted on Genentech's behalf – over which party had rights to the technology. Genentech won that case.

Genentech already holds similar patents in 20 countries including the UK. Mr Swanson said Genentech would license the use of the patented technology "at reasonable rates on a case-by-case basis.

"We do not intend to use the patent to block the creation of new pharmaceuticals made possible through biotechnology." It was premature to comment on whether royalties from these licences would represent a significant source of revenues.

Analysts compared the new Genentech patent to the gene-splicing patent won by the University of California and Stanford University in 1980 for fundamental bio-engineering technology developed by Mr Herbert Boyer, Genentech co-founder, and Mr Stanley Cohen. Royalties from that patent provide the universities with annual income of $1.7m.

Rockwell hit by fall in electronics

By James Buchan in New York

ROCKWELL, the diversified US defence and electronics group which makes the B-1 strategic bomber, yesterday reported a 13.4 per cent decline in fourth-quarter earnings to $140m, or 51 cents a share, from $161.8m, or 55 cents.

The decline reflects a fall in profit margins at Rockwell's electronics business, the Pittsburgh-based company said. The problems in some electronics contracts have been troubling Wall Street because Rockwell is depending on defence and commercial electronics to replace aerospace profits from the 15-year B-1 project.

Sales for the quarter, which closes Rockwell's reporting year, were $3.07bn, down from $3.3bn.

Rockwell's earnings for the year were $635.1m, or $2.27 a share, an increase over last year's $611.2m, or $2.06. But the figure includes a special gain of $105m, or 38 cents, from changes in accounting for company pensions.

Rockwell said that its order book on September 30 was actually ahead of the same day last year, at $12bn against $11.6bn.

Olympia & York joins bidding for Santa Fe

BY DEBORAH HARGREAVES IN NEW YORK

SHARES in Santa Fe Southern Pacific, the Chicago-based transport group, rose $⅝ to $55⅝ in early trading yesterday following the revelation that Olympia & York, the Canadian property company, is seeking to join the bidding for Santa Fe Southern Pacific.

Olympia & York said on Tuesday that it would discuss a $63 a share or better bid for the company, which is in talks with the Henley Group of California. Olympia's announcement follows Monday's disclosure that the Henley Group is talking to Santa Fe about a possible $63-a-share offer which, at a total value of $9.8bn, would mark the biggest non-oil takeover in the US.

Olympia holds the equivalent of a 6.94 per cent stake in Santa Fe, including some stock options, and has been interested in the company's valuable property holdings, which include a prime location near the centre of San Francisco.

In a letter to Mr John Reed, Santa Fe's chairman, Olympia said it was prepared to work with the company, "with a view to creating several separate and independent public companies for Santa Fe's principal divisions." Santa Fe is obliged to split up its core railroad holdings by US anti-trust regulations.

Olympia said its discussions could also involve a re-capitalisation of the company or a merger with Santa Fe.

Santa Fe said it had provided Olympia with a chance to review certain financial information and expected to begin talks with the company. It said negotiations were continuing with Henley and that there were no assurances an agreement could be reached with either party.

Kodak up 51% in third quarter

By Our New York Staff

EASTMAN KODAK, the world's largest producer of photographic products, continued its record year with a 51 per cent increase in third-quarter earnings.

All sectors of the company's business contributed to growth in sales and income, both of which were the highest for any quarter in Kodak's history.

Net earnings were $396.1m, or $1.18 a share, up from the year-earlier third-quarter level of $263m, or 77 cents. However, the 1986 third quarter included special charges for workforce cuts and closure of facilities without which this year's result would have risen 32 per cent.

This year's third-quarter income included a $40m pension gain due to new accounting standards. Sales for the period rose 12 per cent to $3.9bn from $3.48bn in the year-ago period.

In the nine-month period Kodak saw net income increase to a record $936m, or $2.77 a share, from $299.4m, or 88 cents, in the same 1986 period. Sales for the nine months rose to $9.78bn from $8.52bn a year earlier.

Mr Colby Chandler, Kodak's chairman, said the results reflected broad-based increases in sales volume as well as cost improvements. He said earnings for the full year could establish a "new yearly high.

"In 1987 year-to-date we have seen double-digit sales increases in such major product categories as Kodacolor films, photographic papers, copy products, clinical products, mass memory products, chemicals and plastics," he said.

In the company's "imaging sector" total third-quarter sales increased by 12 per cent to $3.18bn with overseas sales rising 18 per cent to $1.33bn and US sales 9 per cent to $1.85bn.

Revenues in the chemicals division also rose 12 per cent to $808.5m with overseas sales up 19 per cent and domestic sales up 12 per cent.

French group lifts offer for Susquehanna

By George Graham in Paris

SOCIETE Financière Eternit, the French cement fibre products company, has received board approval for a new $5.85-a-share cash bid for Susquehanna, the US building products company.

Eternit already owns 50.8 per cent of Denver-based Susquehanna through a subsidiary and will pay about $28m for the remainder of the company.

The French concern had originally bid $5.25 a share but had then reduced its offer by 50 cents following the collapse of US stock markets. The higher price was subsequently agreed with Susquehanna's independent directors.

Susquehanna has closed its rock wool insulation activities in Texas and Indiana, leaving the Sloane plastic injection mouldings business, which complements Eternit's European activities.

Ferruzzi may sell Mira Lanza stake

BY OUR FINANCIAL STAFF

FERRUZZI, the Italian agri-industrial conglomerate, may sell its 53.8 per cent stake in Mira Lanza, Italy's largest detergent manufacturer.

Ferruzzi said yesterday: "We have received several offers for Mira Lanza, and we're currently studying them." He declined to say who had made the offers and did not elaborate on Ferruzzi's plans for Mira Lanza.

At current market prices Ferruzzi's stake would be worth some L67bn ($52.9m), but one analyst said that it probably would be sold at a premium because it concerns a majority stake.

A disposal would fit Ferruzzi's strategy of selling non-strategic operations to raise cash and reduce borrowings.

Merloni will pay L50bn for Indesit on a deferred basis. The ministry did not specify when the payment would be made but said the figure was considered equivalent to a current worth of around L35bn.

Merloni will also reimburse credits currently worth L5.2bn to foreign associates of Indesit.

The ministry said terms of the deal included an undertaking by Merloni to take on 1,545 Indesit employees and maintain the workforce at that level at least for two years.

● Italy's industry ministry has approved an offer from Merloni Elettrodomestici to acquire Indesit, the struggling home appliance maker. The ministry said it had chosen Merloni, Italy's largest appliance maker, in preference to a rival bid by Gruppo de Longhi.

Indesit sought court protection in August 1985 after suffering heavy losses. It made net losses of about L9bn in 1986 on turnover of L190bn.

Greyhound ahead in third quarter

By Our Financial Staff

GREYHOUND, the diversified US consumer products and transport equipment concern, achieved a 15 per cent increase in third-quarter income from continuing operations despite a $5.4m increase in losses at its Verex mortgage insurance business.

Income from ongoing activities amounted to $15.5m, or 38 cents a share.

Air traffic increase helps Pan Am

By Our New York Staff

PAN AM, the US airline group, continued to show signs of financial recovery when it reported an improved third-quarter profit, largely as a result of traffic growth at its airline unit.

The company posted net income of $63.4m, or 45 cents a share, up from $5.5m, or 4 cents, in the 1986 period. Revenues increased 19 per cent to $1.06bn

In the nine-month period the group reported a net loss of $19.8m, or 14 cents, an improvement from its loss of $265.3m, or $1.97, in the period a year earlier. Operating profit was $68.4m against an operating loss of $154.9m in 1986. Revenues were up 21.6 per cent to $2.72bn from $2.24bn.

Pan Am, which is in the process of pushing through large cost reductions, has seen strong growth in revenue passenger miles on its airline subsidiary this year.

This could help the group to return to the black after making its last annual operating profit nearly 10 years ago.

Federal-Mogul looks for Japanese boost

BY ANDREW BAXTER IN LONDON

FEDERAL-MOGUL, the big US vehicle parts group which is emerging from a restructuring programme, is hoping to win new business from Japanese motor groups as they begin to set up engine plants in the US.

The Michigan-based concern, which had sales of $941.6m last year, is one of the largest US producers of engine bearings and oil seals.

However, Mr Robert Hague, chief financial officer, said in London yesterday that the company had been unsuccessful in selling to the major Japanese car groups which have established production facilities in the US.

This was because engines for cars produced at the plants were still being imported. Honda, however, recently announced plans to build an engine plant in the US, and with the weakness of the dollar continuing to encourage Japanese production in the US, Mr Hague is hopeful that Federal will be able to redress the situation.

Realistically, this could only be achieved with a Japanese partner, and Mr Hague said some of the company's present Japanese suppliers would be keen to form a joint venture on this basis.

Mr Hague said the efforts of major US car groups to reduce the number of parts suppliers and to revise stock control methods were working to Federal's advantage because of its size relative to other suppliers.

At the same time, productivity improvements and lower labour rates than at General Motors had helped Federal lift its share of GM's engine bearing needs to 50 per cent.

Federal-Mogul suffered a sharp fall in net earnings last year from $52m, or $3.89 a share, in 1985 to $3.6m, or 28 cents, partly reflecting a $24m writedown to cover plant closures, re-evaluation of goodwill and an early retirement programme which has contributed to an 8 per cent cut in the worldwide workforce to 12,500 over the past year.

Steelmakers join forces to rescue Bavarian producer

BY PETER BRUCE IN BONN

WEST GERMANY'S big private sector steelmakers have joined forces to rescue the bankrupt Maxhuette group in Bavaria, one of the country's most controversial steel works.

Thyssen Stahl, Thyssen Edelstahl, Kloeckner Stahl, Krupp Stahl, Mannesmannroehren-Werke and Saarstahl said yesterday they had reached agreement in principle with the Bavarian Government to take over 51 per cent of Maxhuette.

The Bavarian Government is to take a 49 per cent stake in the new company, Maxhuette Neu.

In addition, Maxhuette's old tubes business is to be hived off into a separate entity, 85 per cent owned by Maxhuette Neu and managed by Mannesmann, a tubes and pipes specialist.

The remaining 15 per cent is to be made available to medium-sized businesses.

Maxhuette began the year with about 4,500 employees, only 1,490 of whom will keep their jobs under the scheme.

The rescue involves pumping about DM85m ($49.7m) of new money into the steel business and a further DM29m into the tubes operation. A works at Haidhof, including a section and bar mill, would be closed.

If the scheme goes ahead, total output would be about 380,000 tonnes of finished steel a year, roughly a fifth of Maxhuette's capacity 10 years ago.

Maxhuette is southern Germany's biggest producer of so-called "long products" - the billets, reinforcing bars, merchant bars and angles that have formed probably the most fiercely competitive steel market in the European Community for the past seven years.

The Maxhuette management called in a Receiver without warning last Easter. It is thought the move was intended to rid the works of its biggest shareholder, Kloeckner-Werke, which had been threatening to impose big job and capacity cuts.

Kloeckner, though, was only too happy to see the back of Maxhuette. The fact that it and the country's other big steelmakers have come together to save the works has political, not industrial roots.

Mr Franz Josef Strauss, the powerful Bavarian Premier, had set his heart on maintaining some industrial presence at the Maxhuette site.

But he is also a stern and influential critic of state aid paid out to the Ruhr in north-western Germany, where the big steelmakers are based. Their modest participation in Maxhuette is an attempt to win some Bavarian credit.

Bonn puts 47% stake in energy group up for sale

BY ANDREW FISHER IN FRANKFURT

THE West German Government intends to sell its remaining 47.4 per cent stake in Viag, the energy, aluminium and chemicals group, next year, the Finance Ministry said.

The ministry also said it would decide this week when to sell its remaining 16 per cent holding in Volkswagen.

At the present share price, the Viag stake is worth about DM1bn ($588m). The Government disposed of a 40 per cent holding two years ago to raise DM765m.

Viag has said it expects net profits in 1987 to again reach the DM107m of 1986, in spite of lower first-half turnover.

The ministry added that the state-owned Kreditanstalt fuer Wiederaufbau would also sell its 12.5 per cent stake, currently worth about DM280m, in Viag "at a suitable time" during the year.

The news of Viag's offering comes at a time of uncertainty over the sale of the Government's stake in Volkswagen, which this week reported a 6.5 per cent rise in profits for the first nine months.

Mr Gerhard Stoltenberg, Finance Minister, said last month that the VW disposal would take place shortly. Yesterday, he added that a decision on the timing would be made this week.

The stock market fall has reduced the market value of the stake from late September's level of about DM1.8bn, when the Government said the sale could take place this year, to under DM1.3bn.

The Government had previously delayed the planned sale of its remaining VW shareholding - the state of Lower Saxony also owns 16 per cent, which it intends to keep - because of the currency scandal which surfaced at the motor group this year.

But budgetary pressures have forced Mr Stoltenberg to try to speed up the sale. Analysts said the Viag sale would also provide much-needed revenue to help the Government meet its tax-cutting and budget goals.

Still on the privatisation list are Deutsche Siedlungs und Landesrentenbank and Deutsche Pfandbriefanstalt, two government-owned mortgage institutions.

DnC suspends share dealer

BY OUR FINANCIAL STAFF

DEN NORSKE Creditbank (DnC), Norway's largest commercial bank, has suffered an unrealised NKr600m ($92.5m) portfolio loss and has suspended a share dealer for unauthorised trading.

The bank said yesterday: "An assessment of (DnC) shareholdings...has revealed trading in stocks and equity-linked instruments on foreign exchanges exceeding the limit set by management.

"We will investigate trading by the dealer who has been suspended with immediate effect, but so far have no idea exactly how much of this loss is the result of his trading."

DnC said the NKr600m depreciation of total shareholdings, estimated at NKr2.5bn, was generally in line with losses seen on world share markets over the last two weeks.

For the first eight months, the bank improved net profits to NKr300m, against NKr203m a year earlier.

The DnC group has total assets of NKr132bn and a capital base of NKr8.4bn.

German Ford set to continue recovery

By Our Frankfurt Staff

FORD-WERKE, the West German subsidiary of Ford Motor of the US, expects net profits in 1987 to at least equal last year's figure of DM587m, which was achieved after two years of heavy losses.

The Cologne-based company raised production in the first nine months by 4.6 per cent, to 617,500 cars, just short of its nine-month record achieved in 1979. Exports rose by 3.2 per cent, to 418,600 vehicles.

Ford said in July when announcing its much improved results for 1986 that it expected the growth trend to continue. In the next five years, its capital spending is set to exceed DM4bn ($2.34bn).

The high profit of last year followed combined losses of more than DM500m in 1984 and 1985. As well as increased unit sales, the company benefited from the impact of the high D-Mark in keeping down imported material costs, better productivity, and the lack of further high provisions for early retirement in order to shed labour.

Like VW, which reported higher nine-month earnings on Tuesday, Ford has been buoyed by strong demand in German and other European markets.

UBS expects upturn in final-half profits

BY JOHN WICKS IN ZURICH

UNION BANK of Switzerland (UBS) expects this year's profits to at least equal those for 1986, according to Mr Nikolaus Senn, management chairman.

Last year, net earnings rose by 12 per cent to SFr778m ($550m). This allowed the bank to raise its dividend from 24 to 32 per cent of nominal value.

In Zurich yesterday, Mr Senn said the second half was likely to show better results than the corresponding period of 1986. In the first half, earnings had been down on the previous period's record figures.

He added that 1988 was "more likely to be a difficult year" than either 1986 or 1987. The bank forecast an improvement in the interest sector, but the existing situation made it impossible to judge how business would develop elsewhere.

Mr Robert Studer, general manager, said that UBS would issue new public bonds as this was warranted by business activity and market conditions.

The bank was not intending to make a further international share placement "in the coming weeks or months." However, such a placement had not been planned in any case and did not represent a reaction to the instability of the stock market.

Mr Mathis Cabiallavetta, responsible for foreign-exchange operations, said he considered it unlikely that there would be a further massive fall in the dollar.

He did not rule out the US unit becoming weaker, however, and pointed to the drop in US interest rates as a move towards a "gradual and orderly" further devaluation.

He said the Swiss franc had remained relatively stable, and the current rate of about 82.5 centimes per DM was "in order."

Stock market fall likely to hit Swedish reinsurer

BY SARA WEBB IN STOCKHOLM

SKANDIA INTERNATIONAL, the Swedish-based international reinsurance group, expects 1987 operating result to drop to SKr200m ($32.5m), compared with SKr316m in 1986, due to the stock market fall and higher interest rates which have reduced the value of its bond portfolio.

In a separate move, the Swedish group said it had acquired a majority holding in Kgl Brand (Royal Chartered), the Danish insurance company, giving it a stronger position in the EC market.

Skandia said its total premium income was expected to reach SKr9.1bn, compared with SKr9.153bn last year.

Premiums from non-life insurance in the US is likely to show a drop of about 20 per cent, to SKr2.4bn, which Skandia said was due to the company not underwriting as many policies as before because of a more cautious approach.

Premium income from non-life insurance outside the US is expected to stay at about SKr3.5bn. Premiums from life insurance should increase by about 19 per cent, to SKr3.2bn, due to good results from the insurance subsidiary Skandia Life in the UK.

Skandia said the dramatic events in the financial markets of the last few weeks had had a significant effect on its share and bond portfolio, which was valued at SKr16bn on September 30 but which has since seen a "substantial reduction in value."

In spite of the turbulence of the financial markets, Skandia said its insurance operations were showing a positive trend.

Through the acquisition of a further 16 per cent stake in Royal Chartered, it now owns more than 50 per cent of the share capital in the Danish company.

Royal Chartered is the seventh largest insurance company in Denmark, with a gross premium volume of DKr1.1bn ($166m) and profits last year of DKr23m.

The move is intended to strengthen Skandia's insurance business in the EC.

Aegon to finance buyout of broking subsidiary

BY LAURA RAUN IN AMSTERDAM

AEGON, the big Dutch insurer, is disposing of the Rotterdam-based KOK group, one of its subsidiaries, by financing a management buyout of the insurance and property broking unit.

Senior managers and other executives of KOK will receive about Fl 5m ($2.5m) in subordinated loans from Aegon to help finance the buyout. Eventually the loans could be sold to a third party, Aegon and KOK said.

More than 400 employees will have the opportunity to buy a stake in KOK.

The deal is one of the larger leveraged buyouts seen in the Netherlands in recent years and follows efforts on the part of KOK managers to take the company out from under the Aegon umbrella.

KOK became part of Aegon, the Netherlands' second largest insurance company, last year when the insurer acquired the FGH mortgage bank, the former KOK parent.

Pre-tax profits amounted to Fl 3.2m on turnover of Fl 36m last year. Profits last year showed a decline from 1985 levels due to higher costs, mostly because of automation in insurance brokering.

Elders IXL chairman reassures investors

By Chris Sherwell in Sydney

MR JOHN ELLIOTT, chairman of Elders IXL, the Australian brewing and agribusiness group, said yesterday the group was fundamentally sound following the worldwide stock market crash.

He was speaking after a shareholders' meeting which accepted a directors' recommendation not to go ahead with a restructuring plan. This would have involved the flotation of separate businesses, a cash payout and a bonus issue.

Mr Elliott said the group's profit performance was at record levels and its debt ratios were at their lowest ever. The first quarter was said to have been ahead of budget.

"Given our borrowing and capital structure we are in a position to do some fairly major things if we want to, but we won't just jump in at the first opportunity."

Elders would not be proceeding with negotiations to purchase two investment management companies in North America, he said. But other opportunities had arisen.

Within two days of the start of the recent share price slump, Mr Elliott came out publicly to say he was buying shares.

Elders has since increased its stake in Greene King, the UK regional brewer, from 5.3 per cent to 8.5 per cent, a move which the target company deems unfriendly.

Yesterday, Mr Elliott was also reported as saying he would work on an alternative to the shelved flotation of the Courage Breweries pubs in Britain.

As for plans to increase the management's shareholding in Elders - one of the driving forces behind the now-abandoned restructuring - the group is thought to be considering a new scheme to achieve this.

Originally, participation by Elders executives was to have increased through an options arrangement involving AFP Investment, the company with close ties to Elders which promoted the original restructuring plan.

● **Impala Pacific**, a Hong Kong affiliate of Ariadne Australia, Mr Bruce Judge's investment company, has cancelled its one-for-two rights issue, Reuter adds from Hong Kong.

This followed Impala's agreement last week to sell its 41.5 per cent stake in Goode Durrant of the UK to Ariadne for £48.5m ($84.5m).

South African Breweries ahead

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICAN Breweries (SAB), a diversified brewing and consumer products group, lifted turnover by 19 per cent in the six months to September in line with the overall growth in private consumption.

Sales were helped by the acquisition of Lion Match on July 1 but appear to have been unaffected by industrial disputes in the beer division. First-half turnover was R3.84bn ($1.94bn) against R3.22bn in the corresponding six months of 1986 and the interim pre-tax profit increased to R221.7m from R140.6m.

Mr Meyer Kahn, the managing director, yesterday avoided mention of the industrial dispute which has affected the brewing operations. The dispute developed when trade unionists disagreed with round-the-clock shift working at the new Rosslyn brewery near Pretoria. It has been settled, though it has led to beer shortages in some parts of the Transvaal. The volume of beer sales rose by 12 per cent in the first half.

Lion Match was bought from Swedish Match after it had acquired Wilkinson Sword, Lion's British former parent.

Net earnings rose to 40.0 cents a share from 30.3 cents and the interim dividend has been lifted to 16 cents from 12.5 cents. A total dividend of 50 cents was paid last year from earnings of 112.3 cents.

Mr Kahn expects consumer spending to increase further during the present six months but warns that the second half's earnings growth may be at a lower rate.

SAB's other subsidiaries have generated improved profits although Southern Sun, the hotel chain, recorded another interim loss this half-year.

Hotel occupancy rates are recovering as business travel picks up and the decline in foreign tourist arrivals has been reversed. Southern Sun had a 53 per cent occupancy against 49 per cent for the hotel industry as a whole.

First-half turnover rose to R135.8m from R115.7m, operating profits before tax, rental, lease and interest charges rose to R18.6m from R14.0m and the pre-tax loss was reduced to R5.9m from R6.3m.

Higher occupancy levels are generally achieved in the second half of the financial year which coincides with the summer holiday period. The directors believe this trading pattern will be repeated and forecast an increase in earnings for the year as a whole.

For the present, though, profits remain constrained by increasing rentals and lease charges for the new Johannesburg Sun hotel which will be offset only when occupancy rates are higher.

The attributable loss was 5.4 cents a share against the previous year's interim loss of 8.5 cents. An interim dividend has again not been declared. Last year net earnings totalled 2.7 cents a share and a single final dividend of 2 cents was paid.

Recovery in spending lifts CNA Gallo in first half

BY OUR JOHANNESBURG CORRESPONDENT

CNA GALLO, the South African stationery, books and recorded music distribution chain, gained from a small recovery in consumer spending during the six months to September.

Turnover rose by 21 per cent to R180m ($91m) from R149m, and the interim pre-tax profit was R6.0m against R3.5m.

The directors say all of the company's divisions increased sales in real terms as a greater marketing effort coincided with increased consumer expenditure. They are optimistic about prospects for sales over the Christmas period and when the new school year begins in January.

Net earnings rose to 16.3 cents a share from 9.8 cents and the interim dividend has been lifted to 6 cents from 4 cents.

CNA is a subsidiary of Premier Group, the diversified food and consumer goods group.

● Rationalisation and the sale of lossmaking businesses assisted Fedfood, the South African foods group, in the half-year to September but also led to a drop in turnover.

Turnover slipped to R486m from R502m and pre-tax profits were R23.8m against R16.0m. The directors say that the profit improvement was due to an exceptional performance by the fishing operations and a return to profits by the frozen foods division. Grain processing made a lower contribution.

Net earnings rose to 50 cents a share from 34 cents and the interim dividend has been raised to 13 cents from 10 cents.

Pretoria Portland boosts earnings and dividend

BY OUR JOHANNESBURG CORRESPONDENT

PRETORIA PORTLAND Cement (PPC), South Africa's largest cement and lime manufacturer, lifted sales and profits by 12 per cent in the year to September.

Turnover increased to R471m ($238m) from R419m and pre-tax profits were R102.4m against R89.2m.

Cement industry executives see little prospect of demand reaching production capacity levels for several years. Large projects such as the Highlands Water Scheme in Lesotho will increase demand over the next few years, but the industry as a whole believes that only large scale projects such as cement road building will allow a significant part of the excess production capacity to be used.

Net earnings rose to 130.5 cents a share from 116.1 cents and the year's dividend has been increased to 60 cents from 47 cents.

Leighton expects further improvement in profits

BY OUR FINANCIAL STAFF

LEIGHTON HOLDINGS, the large Australian contracting group which is 45 per cent owned by Hochtief of West Germany, expects to make further progress following a return to the black in its latest year.

Mr Stewart Wallis, the chairman, told the annual meeting that property development activities were performing well and should contribute significantly to 1987-88 results. "The short to medium-term focus of the company is to return profitability to acceptable levels, reduce debt and restore dividends."

The group had previously reported a A$6.72m (US$4.5m) net profit for the year to June compared with a A$12.71m loss the previous year, but again declared no dividend.

In continuing its recovery, Mr Wallis said Leighton would concentrate its activities on its fundamental businesses of construction and property development in Australia, Asia and the US with Leighton Asia and Green Holdings, its 50 per cent-owned US associate, both expected to improve performance this year.

Tight spending controls were being applied throughout the group and peripheral investments were being divested, he said.

Brascan shows increase in third-quarter surplus

BY ROBERT GIBBENS IN MONTREAL

BRASCAN, the Toronto holdings company through which the Peter and Edward Bronfman group controls financial services, resource and consumer products companies, posted third-quarter earnings of C$47.2m or 55 cents a share, up from C$42.1m or 50 cents.

Brascan now uses equity accounting for its interests in companies such as Noranda, John Labatt and Trilon Financial and no longer reports revenues. Nine-months earnings were C$122m or C$1.35 a share against C$93.8m or C$1.05 a year earlier.

● **Power Financial**, the financial services arm of financier Mr Paul Desmarais' Power Corporation of Canada, also had higher nine-month earnings.

Profit was C$119.2m or C$1.32 a share against C$98.5m or C$1.13 a year earlier on revenues of C$140m against C$107m. The figures exclude extraordinary items. Third-quarter profit was C$37.7m or 42 cents a share, up from C$27.9m or 32 cents on revenues of C$43.8m against C$31.7m.

The company owns 18 per cent of Pargesa, the big European holding company.

Japanese oil groups look to second half

By Our Financial Staff

TWO OF the leading Japanese downstream petroleum companies reported modest contractions in interim earnings yesterday but improved projections for the current year as a whole.

Nippon Oil, which is the country's biggest distributor of petroleum products, showed a dip in pre-tax profits for the six months to September to Y13.61bn ($99m) compared with Y14.19bn for the same period last year. For the full year it now expects to produce Y35bn before tax - this is down from an earlier projection of Y40bn but would still be nearly double the Y19.73bn result for all 1986-87.

Sales, which declined to Y837.22bn in the first half compared with Y879.98bn, are expected to emerge higher for the year at Y1,800bn against Y1,726bn.

The interim dividend is being maintained at Y3 per share, paid from net earnings of Y6.56 per share against Y7.26.

Meanwhile, Nippon Mining, a petroleum refining and non-ferrous metals group, has reported an 8.8 per cent fall in its taxable profits for the same first-half period, to Y5.12bn from Y5.61bn, in spite of an upturn in sales to Y340.84bn from Y318.46bn.

Sales by the oil division, its largest component, rose by 5.7 per cent to Y218.21bn.

The company attributed the setback in profits to an absence of foreign exchange gains which had contributed some Y10bn a year earlier. Reduced extraordinary losses brought an improvement in net earnings to Y1.31 per share compared with Y0.97, but an interim dividend has again not been paid.

The company intends to maintain a Y4 payout for the full year, when it expects improved pre-tax profits of Y12bn against Y10.93bn for 1986-87 - previously it had forecast an outcome of only Y10bn.

The outlook for sales was also revised upward to Y700bn from an earlier estimate of Y680bn. This compares with Y645.88bn for 1986-7. An official said the revisions were based on expectations that higher world oil market prices and stronger domestic demand for housing-related metal products would persist.

هكذا من الأصل

A message from Merrill Lynch.

"Psychology will play a major role in the movement of share prices in the weeks ahead."

—ROBERT J. FARRELL
CHIEF MARKET ANALYST

Recently investor uncertainty abruptly caused an unprecedented decline in the worldwide equity markets. And last week, selling continued as the financial markets struggled to stabilize.

This massive selloff was not caused by any one particular event, and there is little evidence that it is justified by the fundamental values of the equities being sold.

Here are the thoughts of our Chief Market Analyst, Robert J. Farrell:

"Fear is probably the most powerful emotion affecting man. Psychology, therefore, not only played an important part in the record-breaking equity market decline, but it will be playing a major part in the movement of prices in the weeks ahead.

We think the major damage has been done, but aftershocks and testing will probably continue over the next couple of weeks or until confidence begins to rebuild.

Emotional climactic declines have occurred periodically in history. This is one of the most severe. In some cases like 1929 it portended difficult economic times ahead. In others, like 1962, the economy stayed strong and the recovery began within six months.

Since we believe the current situation is more like 1962, there should be opportunities to reassess things in coming months under less emotional conditions. Selling climax declines have invariably been followed by two to four months of recovering prices. This was true in 1929 when economic fundamentals were deteriorating and in 1962 when they were not.

We are sure preservation of capital is as important to investors as getting a satisfactory return. But the extreme and sudden nature of this decline appears to have gone far beyond the fundamental realities and therefore represents an opportunity for those willing to assume risk in the highest quality common shares.

At this point, conservative strategies, with ample cash, an emphasis on quality bonds and a focus on finding the best values in quality equities are suggested."

Whatever market volatility we face in the days ahead, we are committed to demonstrate to you the highest degree of professionalism and service.

This is no time to go it alone. At Merrill Lynch, we want to help. Around the world, our Financial Consultants stand ready to offer clients sound and objective advice. One to one. Person to person. Because we want to continue to earn the trust of our clients worldwide.

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David Lascelles on an Akansas investment bank's growth tactics

Change of focus for Stephens

THE TOWN of Little Rock in the heart of Arkansas may be no more than a three-hour plane journey from Wall Street, but the tremors of last month's crash were felt there nonetheless.

One reason is that it is the home of one of the richest citizens in the US, Mr Sam Walton, the founder of the Wal-Mart Stores chain. The personal losses he was suffering as his stock plunged were reported almost hourly on local TV, like some market barometer. Mr Walton himself consoled his fellow Arkansans by saying, "It's just paper."

The shock also hit Stephens Inc, the largest investment bank outside Wall Street, which makes its home in Little Rock too, though with over $400m in capital Stephens has ridden out other shocks in its time.

The company was founded in 1933 by two brothers, Witt and Jack Stephens who made a fortune buying depression-hit bonds at a few cents on the dollar. Today, the two brothers still own it jointly, but the operational reins have been handed to Mr Warren Stephens, Jack's 30-year-old son, who took over last year.

Much of Stephens' growth has come by developing intensely close relations with a small number of companies in the region, rather than by going for a large volume of transactions.

Wal-Mart is an obvious example, but there are other like Tyson Foods, one of the largest chicken breeders in the US, and JB Hunt, one of its leading trucking companies. Stephens has also taken investment positions in several companies, though not Wal-Mart, and held them for 30 years in some cases.

Mr Warren Stephens said: "We have always thought of ourselves much more as a merchant bank before it became fashionable. It's a unique situation. Because of our history of investing in companies, we have remained very relationship-oriented. This gives us an advantage. It means we can approach a situation with an owner's mentality."

Among the companies Stephens owns or has stakes in are a hot water heater manufacturer, a publisher, a toolbox maker; a retailer, a nursing home chain and oil and gas companies. Nine months ago, the company adopted a new structure so that the investment banking side could be separated from its ownership of companies.

Key factors

Stephens' knowledge of the smaller company market, and its ability to trawl deeper than the Wall Street houses for investors, have been key factors on obtaining the higher margin business where competition is scarcer.

Stephens has been in the public issuing business since the early 1970s, but Mr Stephens doubts that it will quickly come up with another Wal-Mart, whose shares had risen (before the crash) by 6,200 per cent. "Wal-Mart was one in a million".

Although Mr Stephens claims his company has a nationwide business, he stresses that the US investment market is best served on the East and West coast, with less in the middle, particularly for foreign investors.

The company is trying to build up an international business by finding overseas buyers for its clients' stocks. "We're trying to persuade them to deal in other than household names," he says. European and Asian investors are popular because they tend to take a longer term view.

The company thrived in the past in the municipal market by making bond issues for local authorities. However with the recent regulatory and tax changes, that market has begun to shrink and Mr Stephens says: "We shall have to adapt and change the focus". The recent withdrawal by Salomon Brothers, one of the largest players in the market, was a relief.

But while Stephens has been able to use its dominance of the regional investment market to profitable effect, being such a large company in a distant state of only 2m people has its problems too. The company has become embroiled in local politics (not least because both the senior Stephens are active politicians), and has an uneasy relationship with Mr Bill Clinton, the Democrat governor, whom it opposed at the last elections.

Mr Stephens complains that, while Mr Clinton works hard to promote the state, Arkansas has created an inhospitable business climate by preserving personal income tax, which neighbours like Texas and Tennessee do not have. The legislature's recent decision not to join the trend towards nationwide banking was also a disappointment to him because it seemed to condemn Arkansas banks to the small-time. Local banks, he argues, have not the capacity to service companies like Wal-Mart, so the business is going out of the state.

Family stake

The Stephens family - not the company - has a sizeable stake in Arkansas' largest bank, Worthen Bank, which gives them an interest in banking legislation. However, that stake has brought the family considerable pain and expense. Worthen lost $52m in the Bevill Bresler Treasury bond fiasco in 1984 - almost equivalent to its capital of $56m.

Some $20m of that was covered by insurance, but Stephens had to underwrite the remaining $32m over a single weekend to ensure the bank could re-open on Monday while longer-term arrangements were put in place.

In the end, Worthen raised capital, with the Stephens family contributing their share. Mr Stephens says Worthen is now healthy again.

Japanese lose face over BP share sale

By Ian Rodger in Tokyo

THE JAPANESE underwriters of the new British Petroleum shares, who face losses of some £80m ($139m) because of the slump in the BP share price, now face the additional humiliation of having to turn away prospective customers.

An executive at Daiwa Securities, the lead Japanese underwriter, said yesterday that it would be contrary to Japanese law for them to promote the partly-paid shares at the official price, 120p, when they can be purchased openly in the London market at about 75p. However, during the registration period this week they are allowed to sell the shares only at the official price.

He said that Daiwa was receiving a considerable number of inquiries from customers because of the interest it and the other underwriters, Nomura Securities, Yamaichi Securities, Nikko Securities and SG Warburg Securities had generated among Japanese investors.

The Daiwa executive said: "When we have a request, we explain the situation to them and recommend that they buy the shares in London."

The Japanese underwriters took on 160m shares, 7.3 per cent of the total BP issue.

Prices end higher despite cut in UK interest rates

BY CLARE PEARSON

A CUT in UK interest rates and speculation that West German rates might swiftly follow suit in an attempt to counter the dollar's weakness emerged as the main features of the international bond markets yesterday.

UK base lending rates were cut by ½ per cent for the second time in less than two weeks, to 9 per cent. The move, together with the reduction in the Dutch discount rate on Tuesday, fueled hopes that the Bundesbank would cut its own leading interest rates after its regular council meeting today.

Opinion among dealers about the likelihood of this was about equally divided. But hopes were running high enough during the morning to boost D-Mark domestic bond prices by around ½ point. Gains were pared later, however, by a more stable dollar and the expectation that a new West German Federal government bond would emerge on Monday.

Domestic bond prices closed about 40 basis points higher on the day, leaving the average yield at 6.12 per cent. The Eurobond sector finished with similar gains. A DM300m 6¼ per cent 7¾-year issue for the European Investment Bank, launched on Tuesday, was in strong demand and was bid at about less ⅞ to its par issue price.

The UK base rate cut had been expected by the gilts market. Having opened higher, prices eased sharply immediately after its announcement. But, as the cut failed either to stem sterling's strength or boost the falling equity market, prices later recovered to end the day higher.

Eurosterling bonds outperformed gilts, closing as much as a point higher in the 10-year area, while comparable gilts closed about ½ point up. Sovereign and supranational Eurobonds were in greatest demand, and their yield spreads in relation to the gilts market narrowed by around 10 basis points.

INTERNATIONAL BONDS

Dollar bonds advanced strongly in spite of the dollar's weakness. They were underpinned by more falls in the New York equity market. Eurodollar bond prices rose by about ¾ point in the five-year area.

Australian dollar Eurobond prices gained up to 1½ points yesterday in active trading. The sector was helped out of its recent doldrums by a stronger currency, after Mr Paul Keating, the Australian Treasurer, said he believed it had stabilised at around US$0.67.

Dealers said the market now seemed to have recovered from the withdrawal on Monday of Orion Royal Bank, one of the main market makers in the Australian dollar sector, from the Eurobond market.

In spite of fears about the adverse effect this would have on the liquidity of the sector, one dealer said the bulk of the issues were still being traded on a ½ point bid-offered spread. But some of the older issues, in which Orion had been one of the key market makers, were now quoted on a 1 point spread.

The primary Eurobond market remained effectively closed. Two new floating-rate notes, both targeted at specific investors, emerged.

Nomura International announced a Y60bn five-year bond for Tokyo Electric Power, paying semi-annually 55 basis points under the Japanese long-term prime rate. It is priced at 100.30, and is callable at par after the first two years.

Fuji International Finance led a $30m five-year bond for Sprint Three, a Cayman Islands vehicle, backed by Japanese ex-warrant bonds. It pays 24 basis points over six-month London interbank offered rate and is priced at 100.10.

Swiss franc foreign bonds closed about ¼ point firmer on average, although the better quality issues gained about ½ point.

Swiss Bank Corporation announced a two-tranche deal for the World Bank. The SFr100m 5 per cent seven-year portion is priced at par, while the SFr100m 10-year 5¼ per cent tranche is priced at 99¾.

Banque Gutzwiller announced a SFr60m issue for Norges Kommunalbank, paying 5¼ per cent and priced at 101. Finally maturing in 10 years' time, it incorporates a purchase fund from year five to give an average nine-year life.

Saudi loan rescheduling collapses

A PIONEERING 700m riyal ($186m) loan rescheduling for a Saudi Arabian company has come unravelled eight months after it was signed, Reuter reports from Bahrain.

Bankers in the Gulf say the virtual collapse of the agreement casts a further shadow over their attempts to collect debts in the kingdom.

According to bank executives, the Jeddah-based Arabian Auto Agency, a distributor of heavy farm and construction equipment, has fallen 95m riyals in arrears on rescheduled payments

Saudi British Bank, based in Riyadh, which acts as agent on the rescheduling accord, sent telexes to the other banks last week asking them to "accelerate payment" by the company.

HKSE surveillance tightened

BY DAVID DODWELL IN HONG KONG

ACCOUNTANTS HAVE been appointed to tighten surveillance on the accounts of Hong Kong Stock Exchange members, Mr Robert Fell, the exchange's newly-appointed chief executive, revealed yesterday. He said the firm would be named at a later date.

Mr Fell said the timetable for introduction of an improved settlements system - including computerised central clearing and a central depository - had to be "moved up dramatically."

Insisting that the stock exchange's problems had been exaggerated over the past week, he said that only 34 bounced cheques had been reported by stockbrokers, with all these cheques honoured on second presentation. Only two of the exchange's 543 traders had been suspended, and their accounts are under investigation.

Mr Fell's comments were the first he has made since he arrived in Hong Kong at the beginning of the week, and were clearly aimed at restoring faith in the market and its executive committee. They coincided with scathing criticism of the local securities industry - and of government surveillance of the sector - from Miss Lydia Dunn, the most senior non-official member of the territory's Legislative Council.

"The warning signs were there for all to see," Miss Dunn said. "Why did the government and its watchdogs not act? Did they not see the need to act, or did they lack the will to act?"

She said market safeguards could fail where "poachers and gamekeepers were the same persons," claiming that there appeared to have been too many conflicts of interest among those who were responsible for running the securities industry.

She said there had been too much margin trading, excessive lending to fund speculative trading, delays in settlement, too many "two-dollar companies" dealing in vast sums of money, too little surveillance, and widespread allegations that many people "were breaking the rules with impunity.

"The government and its watchdogs...must have known for a long time that the rapid growth in the volume of trading had overstretched the structure on which the markets depended," she added, questioning at the same time whether Hong Kong really needed a futures exchange: "We managed for a long time without one, and it seems to have become little more than a licensed casino."

Restrictive terms for Tokyo CP

By Stefan Wagstyl in Tokyo

THE LAUNCH of a commercial paper market in Japan later this month will not be attended by much ceremony.

The terms under which the market will initially operate are so restrictive that commercial paper issues in Tokyo are unlikely to be as important as they are in London or New York. Commercial paper instruments are short-term debt sold directly to investors by corporate issuers.

The conditions imposed on the Tokyo market by the Ministry of Finance represent a victory for Japanese banks, which feared that the market might undermine (if only slightly) their links with corporate customers.

The losers are the powerful Japanese securities companies, as well as the foreign banks and investment brokers in Tokyo which had hoped that a commercial paper (CP) market might extend the range of their business with Japanese industrial and commercial companies.

These companies which wanted a more open market will now have to pin their hopes on the fact that the MoF has promised to review the market in a year's time.

The ministry announced on Monday its decision to allow the market to start on November 20. Some 180 issuers will be allowed to sell commercial paper - they are companies which are already entitled to issue unsecured corporate bonds, plus 11 others, mainly power utilities and National Telephone and Telegraph, the telecommunications monopoly.

However, only 52 of these groups will be permitted to issue CP without back-up guarantees from banks. The securities companies and foreign bankers argue that this condition restricts them greatly since companies which need a bank guarantee to issue CP will naturally use their existing bank.

The period for which CP can be issued has been set at between one and six months; the minimum denomination is Y100m; issuers are not allowed to sell paper directly to investors (as they can do in the US) - they must instead work through a bank or a securities company.

Securities companies and foreign banks see these conditions, too, as unnecessarily restrictive.

But the strong Japanese city banks successfully argued that too liberal a CP market might be risky and difficult to regulate.

However, their real concern was to protect their contacts with their customers from the big four Japanese securities companies - Nomura, Daiwa, Nikko and Yamaichi - which have grown hugely in recent years.

Japan delays bond auction

THE JAPANESE Ministry of Finance has apparently delayed its first "share auction" for 10-year government bonds, AP-DJ reports from Tokyo.

The auction may still take place before the end of the week, however, according to securities industry executives. The Government was believed to be waiting to see the results of the US auction of 10-year notes yesterday before making a final decision on whether to hold its own "auction."

A ministry official said the Government had made no decision to delay the auction, and will hold it when conditions are right.

Increase in interest rate swaps

BY PHILIP COGGAN

VOLUME IN the interest rate swaps market continued to increase in this year's second quarter rising to a record $67.6bn, nearly 40 per cent higher than the same quarter last year, according to the International Swap Dealers Association.

Interest rate swaps are agreements between two parties to exchange interest payments. A typical deal would involve a swap between a bank paying a fixed and a bank paying a floating interest rate, depending on their respective views on the future movements in interest rates.

The swaps market has grown substantially over the last few years as banks have developed the instrument as a means of interest rate risk management. The Bank of England and the Federal Reserve Board are currently considering the responses to their proposals to strengthen capital backing for off-balance sheet instruments such as swaps.

Fears have been expressed that the proposals might dent the growth of the market by reducing the profitability of swap dealing.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on November 4

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	[illegible]	[illegible]	[illegible]	[illegible]	9.66
All Nippon Air 9⅝ 97	100	[illegible]	[illegible]	[illegible]	[illegible]	10.52
American Brands 8⅝ 92	150	[illegible]	[illegible]	[illegible]	[illegible]	9.71
A/S Eksportfinans 7¾ 93	100	[illegible]	[illegible]	[illegible]	0	9.75
A/S Eksportfinans 7¾ 92	150	[illegible]	93	[illegible]	[illegible]	9.39
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 4⅝ 94	45	[illegible]	[illegible]	0	[illegible]	5.30
E.I.B. 4⅝ 94	40	[illegible]	[illegible]	[illegible]	[illegible]	5.34
Elec. De France 5⅛ 94	20	[illegible]	[illegible]	0	+2	5.35
Kansai Electric 4⅝ 94	60	[illegible]	[illegible]	[illegible]	[illegible]	5.51
Norway 4⅞ 92	40	[illegible]	[illegible]	0	[illegible]	5.37
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

UK COMPANY NEWS

Nick Bunker looks at the troubled relationship of Willis Faber and Stewart Wrightson

The rocky path of marriage

AT LLOYD'S of London, they call Willis Faber "the royal family of insurance broking." It has a patrician image, with board members like Lord Chelmsford, from the family of the British general who nearly lost the Zulu War. It has a rich client list, including two powerful Japanese insurance companies, the Tokyo Marine & Fire and the Taisho, that is the envy of its rivals.

But like that other regal household at the end of the Mall, it has been a focus for gossip about domestic upsets for months past.

When Willis proposed marriage to Stewart Wrightson, a smaller rival, on June 30, the union looked auspicious. But the news yesterday that five more senior executives of Wrightson have resigned or plan to leave this month has added weight to outsiders' fears that some aspects of the merger have been mishandled.

Consummation of the match this autumn produced the world's fifth biggest insurance broker, strengthened further by Willis's 95-year old link with Johnson & Higgins (J&H), a New York-based broker which sends it big volumes of business.

But so-called "big-ticket" brokers - making their money from broking insurance for airlines, shipping lines or big US corporations - are temperamental beasts. And in a prophetic comment this August, Savory Milln, the stockbroker, worried that Willis had a "socially monochromatic management structure" that would sit badly with former Wrightson executives used to a more obviously meritocratic environment.

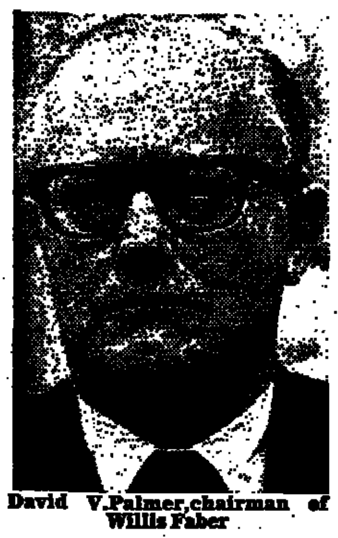
The first overt signs of trouble came in September when four former directors of Wrightson decided to leave, partly because they were not offered seats on the new combined group's board. The merger, it became clear, was really a takeover by Willis.

Then, on Tuesday, it emerged that Willis has also lost five of Wrightson's best business producers, plus their back-up staff. They include Mr Nigel Chamberlain, head of one of London's top North American property/casualty insurance teams, and Mr John Palmer Brown, head of Wrightson's aviation division.

Any immediate damage has to be put in perspective. There are obvious question marks over how much business will automatically walk out of the door with the departing executives.

A leading aviation broker at a rival Lloyd's group says Mr Palmer Brown is "a very good operator, very near the top of his field," and some of his team's accounts were very big. One client, United Airlines of the US, is believed to put about 30-40 per cent of its estimated $30m annual insurance premiums into the London market.

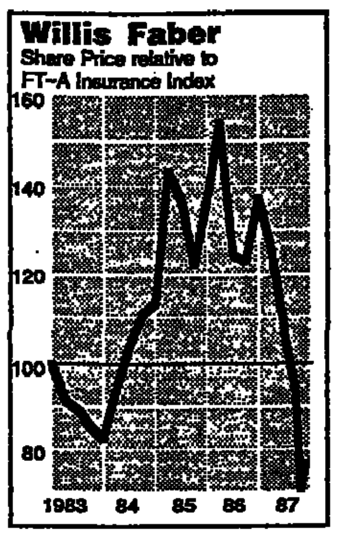
But, on the face of it, Willis has the resources to keep this type of customer. Even before the merger, Willis had one of the world's leading aviation departments, which comes under Mr Roger Elliott. His seniority in the group is such that outsiders tip him as the key rival to Mr David Rowland, Wrightson's former chairman, as a possible successor to Mr David Palmer, Willis's current chairman.



David V. Palmer, chairman of Willis Faber

One London market broker who knows Mr Palmer-Brown well thinks that at most 25 per cent of his team's accounts would move with him quickly.

There are fewer doubts about the adverse impact of Mr Chamberlain's departure with his North American team. They proved their powers to take customers with them when they joined Wrightson a year ago from C.E. Heath. They brought from Heath perhaps £2m-3m in brokerage revenues, mainly from US railroads and other Fortune 500 corporations, and have close ties to Chicago-based Rollins Burdick Hunter (RBH).



So the scale of the possible hit to Willis's bottom line - which will emerge only between now and next summer, when major insurance accounts have passed their January 1 and July 1 renewal dates - is uncertain. Outsiders were more definite yesterday about what they saw as the damage to morale. "Staff defections are like a cancer," says an executive at a rival Lloyd's group. "They just keep spreading."

Mr Palmer was trying to take a longer view on Tuesday night. "Several exciting possibilities" of new business have appeared since the merger, he says. About the recent staff defections, he adds: "It is idle to pretend that we are not disappointed." But he stresses that a merger of two "people businesses" was bound to lead to bruised feelings and resignations.

Are these just temporary teething problems? There are clear grounds for pessimism, stemming partly from industry-wide factors.

All the world's top brokers are heading into stormy seas which perhaps only New York-based Marsh & McLennan - the IBM of insurance broking - can weather comfortably.

Early this autumn, interim results from Sedgwick, the giant among British-based brokers, showed a 12.5 per cent downward lurch in its pre-tax profits to £81m. Perhaps six months earlier than expert analysts expected, it reflected cyclical price cutting by US property/casualty insurance companies, coupled with the impact of a weakening dollar and rising expenses.

This is troubling Willis, too, because of the importance to it of business originating from J&H. Wrightson also, via Stewart Smith, a US subsidiary, is heavily involved in US markets. And, since it is still perhaps the premier London shipping insurance broker, at least in the quality of its clients, Willis is also exposed to damage from a similar down-swing that has started in prices charged by marine underwriters.

Ladbroke issue seems certain to have flopped

BY NIKKI TAIT

AFTER the past three days of tumbling share prices - and the earlier slump - the £254m rights issue from hotels, betting and property group, Ladbroke, seems almost certain to have flopped.

Last night, Charterhouse - Ladbroke's adviser and underwriter to the issue - refused to make any comment ahead of an anouncement due later today. However, the cash call closed yesterday afternoon with Ladbroke shares trading another 21p lower at 314p against the 378p rights issue price.

The issue, Ladbroke's second call on shareholders this year, is raising money to help fund its £1bn purchase of the Hilton hotel chain from US group, Allegis Corporation. The first issue, in April, raised £294m for the development of the company's four core businesses.

At the time the current issue was announced, Ladbroke shares were trading at 439p and the rights issue price represented a near-14 per cent discount. Since then, however, the market has fallen by around 27 per cent and Ladbroke shares have performed roughly in line.

Ladbroke's call is the largest outstanding rights issue at present. However, a number of other companies looking for smaller sums also joined the casualty list yesterday.

Heywood Williams, the glass and aluminium specialist which was raising £29.3m, saw just 4.3 per cent of the issue taken up by existing shareholders, while cleaning group, Sketchley - seeking £27.5m - announced a 30.4 per cent response. Slightly more encouraging was the result from housebuilder, Warringtons, where 55.5 per cent of the 3.2m rights shares were taken up; the issue was at 115p and yesterday Warringtons closed 10p lower at the rights price. However, unless the market's modest afternoon rally continues today, the £143m issue from Kleinwort Benson looks vulnerable; yesterday the shares slid another 15p to 423p against the the 450p issue price.

Smallbone profit doubled

BY MIKE SMITH

Smallbone, supplier of furniture for kitchens, bedrooms and bathrooms, said yesterday that pre-tax profits more than doubled from £387,000 to £816,000 in the six months to August 31 1987.

About half the improvement was achieved through organic growth and the rest through contributions from acquisitions. Fully diluted earnings per share were 77 per cent ahead at 8.14p (4.61p).

Turnover increased by 93 per cent to £12.2m. The dividend was lifted from 2p to 3p gross.

The six months saw Smallbone diversifying further, both geographically and by product range. Two years ago kitchen furniture contributed about 90 per cent of sales but the proportion has been reduced to about half following the expansion of sales of bathroom and bedroom furniture.

Mr Graham Clark, chief executive, said kitchen sales were up 48 per cent in the first half. Those of bedroom and bathroom furniture more than doubled.

Smallbone also diversified out of the UK this year by opening a showroom in Manhattan. Two other showrooms in the US are planned.

The US arm is expected to show a small profit in the second half, although losses are expected for the year as a whole because of start-up costs. Smallbone is expecting next year's sales in the US to be about $10m with pre-tax margins of about 5 per cent.

In the UK, And So To Bed, the beds retailer bought in February, increased sales by 40 per cent.

Analyst expect full year pre-tax profits to be about £2m.

McInerney rises to £1.3m

BY GRAHAM DELLER

McInerney Properties, the Dublin-based building and property development group, revealed a 23 per cent increase in taxable profits in the half-year to end-June 1987.

The pre-tax outcome - profits rose to I£1.3m (£1.15m) against I£1.06m last time - was achieved despite group turnover down from £36.19m to £30.36m. Mr Richard Chenery, managing director, said yesterday that the fall in turnover was due to the continuing decline of the Irish economy and the group's withdrawal from much of its contracting operations in the Republic.

Mr Chenery, however, expressed enthusiasm over second-half prospects and profits were expected to exceed 1986's outcome of £4.11m. McInerney's major participation in Dublin's Custom House dock redevelopment project - seen as the Irish equivalent to London's Canary Wharf proposals - with about 700,000 sq ft devoted to financial services as well as hotel, exhibition and luxury accomodation facilities, would provide the main source of group activities in Ireland. Work on the project was expected to begin early next year, he said.

Expansion was also anticipated in housing and commercial developments in the south east of England as well as in the group's leisure business in Portugal, he added.

After a notional tax charge of £305,000 (£265,000), and an increased minorities debit of £478,000 (£183,000), annualised earnings per 10p share fell to 6.8p against 9.4p last time. The interim dividend is maintained at 1p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Alva Inv. Trust ......fin	1.3	Dec 17	1	3.9	2.3
Bradford Prop. ......int	5.5	Jan.6	5	-	11
German Sec. Inv ....fin	1.7	Dec 17	0.7	1.7	0.7
McInerney Prop.‡ .int	1†	-	1	-	5
Reed Intl. ....int	3.5†	Jan.5	2.25	-	8
Sketchley ....int	6	-	6	-	19
Smallbone §‡ ....int	3	Jan 5	2	-	5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ¶Unquoted stock. ©Third market. ‡Gross throughout. ‡Irish pence throughout.

UK COMPANY NEWS

Reed better than expected with 37% jump midway

BY DAVID WALLER

Reed International, the publishing, paper and packaging conglomerate, yesterday exceeded City expectations with a 37 per cent rise in interim pre-tax profits. But its shares fell sharply in response to fears about the group's exposure to the US economy.

In six months to October 4 during which Reed has put the finishing touches to its restructuring programme with the disposal of its paint and DIY business and the £540m acquisition of the Octopus Publishing Group, pre-tax profits rose by £30m to £110m, on turnover ahead by 7 per cent to £986m.

Reed has spent a great deal of money in recent years on modernising its Canadian paper mills and buying US publishing companies. North American businesses accounted for 40 per cent of trading profits and over a third of the growth during the first half - and as a result analysts are worried about the dual effects of a declining US dollar and economic downturn.

Currency factors depressed trading profits by £2.8m in the first half, using an average exchange rate of $1.63 to £1; Mr Nigel Stapleton, finance director, said that for every 10c decline in the value of the dollar, trading profits would fall by £5m in a full year.

Mr Peter Davis, chief executive, said that since the market crashed, the group had abandoned the acquisition of three publishing companies, worth between $100m and $200m in total. Two of the proposed acquisitions were US companies, which now seemed unattractive at prices negotiated prior to the crash.

"We have not changed our policy on the US," said Mr Davis, "we are an English language publisher and the US is too important a market for us to neglect. But now we're looking harder at acquisitions in the Europe and the Far East."

Profits at Reed Publishing USA grew by 50 per cent to £14.6m, although most of this came from acquisitions which made no contribution to the prior year figures. North American Paper doubled its profit from £9.4m to £18.8m.

In the UK, Reed Publishing showed a 58 per cent gain in trading profits, to £28.9m. Consumer publishing also increased by over a half, to £15.1m. Packaging showed a mild improvement, from £13.2m to £13.5m, and profits from European paper declined by 2 per cent to £10.7m.

Out of total trading profits of £109m derived from continuing activities, £62.8m came from publishing and the balance from packaging and paper. Discontinued activities, including a four months contribution from Paint and DIY, made a further £5.5m.

After a 28 per cent tax charge, earnings per share rose by 45 per cent to 15.8p. The interim dividend was raised from 10.9p to 15.8p.

See Lex

Static profits at Sketchley

BY CLAY HARRIS

Sketchley, the dry cleaning, office equipment and catering group, yesterday reported a 2.5 per cent rise in interim pre-tax profits to £5.69m (£5.55m). Earnings per share, however, fell 16 per cent to 14.1p (16.8p).

Sketchley announced the results as the market closed. Its shares had finished unchanged at 397p. The group also announced that 30.4 per cent of its one-for-four rights issue at 400p had been taken up.

The static profits performance in the half year to October 2 resulted from turnover ahead by nearly 58 per cent to £81.4m (£51.6m).

The group increased operating profits to £6.46m (£5.24m, excluding £295,000 from discontinued operations). It said that this had been achieved despite the short-term effect of disappointing dry cleaning sales and the reduced value of its British Coal cleaning contract, which has now been negotiated.

Interest costs rose to £872,000 (£76,000) although the £27.5m proceeds of the rights issue should limit the rise shown in the full year.

Sketchley said that the financial benefits of Roboserve, the vending systems supplier bought for £18.5m, would begin to flow through in the current half. The interim dividend is unchanged at 6p.

•comment

Sketchley increased earnings last year by a princely 0.1p per share over 1985-86 to 32.3p. Shareholders will be able to count themselves lucky if an increase of the same magnitude is achieved in the current year. At the pre-tax level, the total could come close to £14m. This includes the benefits of Roboserve's tax losses, which would last for five years at the new subsidiary's current level of profitability. Sketchley delivery vehicles will soon be calling weekly on every (surviving) British Coal pit, and the company hopes they will carry more than just clean workwear. It also perceives an improvement in dry cleaning demand, and the Equipu office equipment subsidiary has fulfilled expectations. The shares stand on a prospective p/e of 12.2.

Gold Fields adjusts its dividend options

By Kenneth Gooding Mining Correspondent

SHAREHOLDERS in Consolidated Gold Fields, the international mining finance house and construction materials group, who elected to take shares in lieu of a cash dividend will be able to revoke their applications in view of the current stock market turmoil.

Revealing this at yesterday's annual meeting in London Mr Rudolph Agnew, the chairman, said the directors had considered it only fair that shareholders be given an opportunity to change their minds following the widespread fall in share prices.

But Mr Agnew stressed that no precedent was being set. In future shareholders would not be given a similar chance to revoke applications if it was simply the Gold Fields share price which fell rather than the market as a whole.

Gold Fields said later that about 3,200 shareholders owning 2m shares had opted to take shares instead of cash dividends.

At the two-hour meeting picketed by anti- apartheid groups and where arriving shareholders were carefully screened by private security guards, Mr Agnew reported that Gold Fields had made a good start to the current financial year.

He added, however: "I believe it is a time for steady nerves in what may remain a period of considerable economic uncertainty".

The longer term outlook for the group's major products remained promising.

During 1½ hours of questions, about half of them concerning the operations of Gold Fields' associates in South Africa, Mr Agnew insisted the group was not disinvesting from that country.

Gold Fields was, however, building up investments outside South Africa so that by 1991 "the amount of gold production attributable to the company will have increased by about 60 per cent and nearly two thirds of total tonnage will come from non-South African sources".

Mr Agnew, pressed by shareholders, said he would pass on to Tsumeb Corporation, an associate company in Namibia which in July dismissed more than 3,000 mine workers after a strike, a suggestion that the company could lead the way by stopping the use of migrant labour.

●BICC, the cables and construction group, has dropped the scrip alternative for its interim dividend because of the stock market crash. The basis for the scrip issue would have been 418.8p compared with yesterday's market price of 290p. All shareholders will receive 4p per share in cash.

Australian investor sticks with Gestetner

By Clay Harris

Australian-based AFP Investment Corporation remains absolutely committed to its shareholding and management role in Gestetner Holdings, UK office equipment group, Mr Gregory Melgaard, Gestetner deputy chairman, said yesterday.

Gestetner continued to fall by more than the market, with ordinary shares losing 33p to 158p and capital shares 22p to 168p. The relative weakness has reflected worries about Gestetner's high proportion of Australian shareholders - some 40 per cent - and about AFP's own financial prospects.

The latest decline followed another sharp slide in the Australian stock market, where AFP shares have lost nearly three-quarters of their value since Black Monday.

Based on London analysts' pre-tax profit estimates of £19m for the financial year which ended last week, the ordinary shares stand on a p/e of 8.6.

Paul Betts on the latest Eurotunnel disclosure

Perks for going underground

THIS MONTH'S £750m offer for sale of shares in Eurotunnel, the Anglo-French consortium building the cross-Channel tunnel, is to be sweetened with substantial travel perks for private investors - but only those applying for around £350 worth of shares or more, it emerged yesterday.

Details of the offer were disclosed in Paris after a ceremony in which 198 bankers signed the £5bn credit facility which will provide most of the project finance. Eurotunnel cannot draw on this facility until the share offering has been successfully completed.

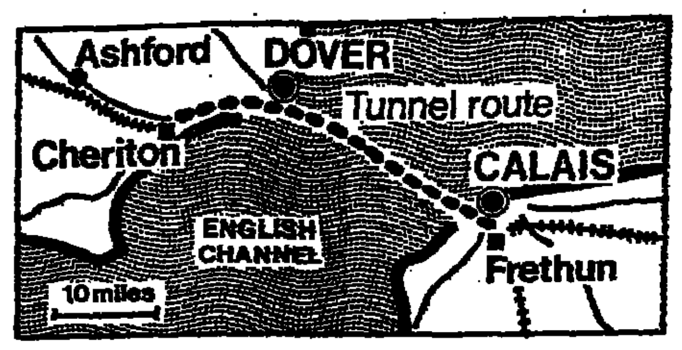
The share offer has already been underwritten in France so the French consider that its success is virtually assured. But the run-up to the flotation has been marred by yesterday's squabble between the French and British partners in the venture.

The British partners strongly denied that there had been a dispute, but it was clear that they were taken aback by the French decision to disclose so much detail in advance of the launch of the pathfinder prospectus today. The French, for their part, were at a loss to understand why the contents of the pathfinder should have to be kept secret for another 24 hours.

As one French banker remarked with more than a touch of irony: "As you see, the entente cordiale is still alive and well between our two countries."

Eurotunnel's shares are expected to be offered at 350p or FFr35 each - perhaps slightly less - on November 16. But the banks underwriting the issue have reserved the right to delay the offer for a few days in the event of another stock market collapse.

Mr Andre Benard, the French co-chairman of the consortium, said in Paris that investors who subscribed to 100 Eurotunnel units (each comprising one British share and one French share) would be be entitled to one free round trip including car and passengers. At current ferry boat rates such a trip was worth about £50, he said.



Subscribing to 500 units would give the right to one free round trip a year for 10 years, and the purchase of 1,000 units would give the right to two free round trips a year for 10 years.

An investor buying 1,500 units or more would be entitled to unlimited free travel for the length of the 55-year tunnel concession. There would be no travel perks for anyone subscribing for less than 100 units.

Mr Benard also said that the travel perk would be limited to individuals who bought the shares in the offer for sale, and the perks would disappear either when the investor sold his shares or died. Moreover, investors would have to pay an annual fee of £10 or FFr100 to qualify for their travel perks from the time the tunnel became operational in 1994. Eurotunnel is also reserving the right to change the perks if necessary.

Mr Benard said that the perks would not constitute a significant additional cost to Eurotunnel because the number of people eligible for them would be small in relation to the 30m people estimated to use the tunnel during its first year of operation.

Although the travel incentives are expected to appeal especially to British users of the tunnel, Mr Benard and the consortium's French bankers claimed yesterday that they were expected to attract French investors too, especially in the region of the Nord Pas de Calais around the tunnel.

Another feature of the offer is that the shares will be issued with warrants attached. These will be convertible at the rate of one new share for every 10 warrants.

The warrants, like the shares, will be listed on the London and Paris stock markets when the shares become quoted in mid December. Mr Antoine Jeancourt-Galignani, the chief executive of Banque Indosuez, one of the consortium's lead banks in France, said the warrants were expected to have a conversion price of about 40-50 per cent above the initial shares.

Eurotunnel estimates the internal rate of return given by the shares over the whole life of the 55-year concession at 17.7 per cent a year based on conservative tunnel traffic assumptions. Mr Benard also indicated that the dividend to be paid in 1994 was expected to equal 16 per cent of the initial share price of 350p or slightly less. This is likely to rise to 34 per cent in 1996, to 60 per cent in 2003 and to 155 per cent in 2013.

French bankers said yesterday that the offering was likely to attract small investors because of the dual nature of the investment. They suggested that the initial attraction of the shares was the prospects of making large capital gains, since Eurotunnel will not pay any dividends to shareholders until after the first full year of the tunnel's operation. This means that the first dividends are expected to be paid in 1995 for the first full year of operation of the tunnel in 1994.

The bankers added that when the tunnel starts paying dividends, the investment will then become attractive as a yield rather than capital gain stock coupled with the additional bonus of the travel perks for initial investors.

The French Eurotunnel partners and banks said they were confident about the outcome of the public share offer. Mr Benard said that although the financial environment was at present difficult, the general economic outlook was very favourable.

He said the construction of the tunnel was being undertaken at a time of generally low inflation and interest rates. He added that at a time of lower economic growth estimates for Europe, the project was also likely to be seen as providing a major contribution to help regenerate growth in northern Europe in coming years.

Of the £750m worth of stock to be offered, £300m is expected to be floated in the UK and another £300m in France, with the balance of £150m on international markets including North America, Europe, the Middle East and Japan.

Mr Jeancourt-Galignani, of Banque Indosuez, did not rule out the possibility of transferring some of the shares from one tranche to another in the event of oversubscription or undersubscription in different countries.

de Savary acquires Land's End

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

Land Leisure, the acquisitive company controlled by Mr Peter de Savary and Mr George Martin that until yesterday was known as Alfred Walker, has bought Land's End for £6.73m and plans to spend £1m on improving facilities there.

The western outpost of Great Britain, a property of 107 acres that has attracted generations of holidaymakers, was bought from Davstone Holdings, the family trust of Mr David Goldstone, the chief of Regalian Properties.

Mr Goldstone had bought the property in 1981 from the Neave-Hill family for £2.25m.

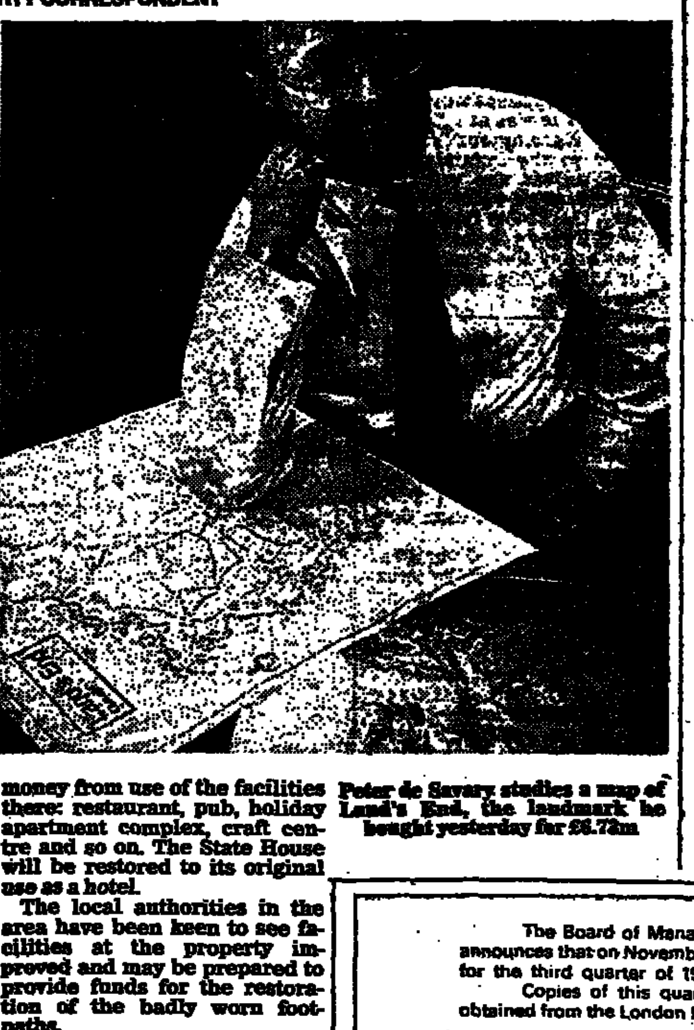
The purchase by Land Leisure follows on the heels of the acquisition of Aspinall Holdings, the casino operator, for £90m, a deal which almost trebled the size of the company. But it is quite separate from Mr de Savary's personal deals which latterly have involved the sale of the St James' Club in London to Norfolk Capital Group and the purchase of Falmouth Harbour.

Land Leisure has been involved in what Mr Martin called "an aggressive programme of acquisitions from November 1986 to date". The idea is to create a company based on two divisions - property and leisure. "When one can get a property and create added value with leisure - that is ideal," said Mr Martin.

Land's End fits into that category. There are 16m tourists in the West Country each year, Mr Martin observed. "If we get half a million to Land's End, it will be commercially successful."

Tourists will be permitted free access to the cliff-top land. Land Leisure hopes to makes its money from use of the facilities there: restaurant, pub, holiday apartment complex, craft centre and so on. The State House will be restored to its original use as a hotel.

The local authorities in the area have been keen to see facilities at the property improved and may be prepared to provide funds for the restoration of the badly worn footpaths.



Peter de Savary studies a map of Land's End, the landmark he bought yesterday for £6.73m

Alan Bond has 2.8% of Allied-Lyons

BY STEVEN BUTLER

Allied-Lyons, the UK food and drinks group, yesterday said that Mr Alan Bond, the Australian entrepreneur, had built up a 2.8 per cent stake in the company.

Mr Clifford Hatch, Allied finance director, said that Mr Bond had informed Allied of his intention to build the stake several months ago, and that the shares had been bought gradually.

Mr Hatch said that Allied welcomed Mr Bond as a shareholder and that the group had enjoyed a successful business relationship with the Bond Corporation's brewing and beer operation for many years.

Storehouse

With Storehouse due to publish its defence document against the takeover bid from Benlox later today, one institution has been nibbling at the shares. Legal and General has picked up 200,000 at prices between 262p and 265p - taking its total stake to 6.8m shares or 1.6 per cent.

Yesterday, however, the Storehouse share price tumbled another 22p to 224p.

Yearling Bonds

Yearling bonds totalling £2.3m at 9⅞ per cent, redeemable on November 9 1988, have been issued by the following local authorities. Aberdeen (City of) £1.0m: Bedfordshire County Council £1.0m: Wansbeck District Council £0.3m.

Sapphire Petroleum

Sapphire Petroleum, USM-quoted oil company, moved from a loss of £450,000 to pre-tax profits of £27,000 in the six months to June.

The attributable loss was down to £130,000 (£632,000) with the loss per 50p share reduced to 0.6p (3p).

UK COMPANY NEWS

Bowater to go ahead with £129m US purchase

BY CLAY HARRIS

Bowater Industries, packaging and building supplies group, confirmed yesterday that it planned to proceed with its $226m (£129m) acquisition of Rexham, US industrial conglomerate, despite the stock market crash.

Meanwhile, Bowater's erstwhile rival for Rexham, Mr Asher Edelman, has renounced his takeover ambitions and hedged his bets by selling nearly half his Rexham stake in the market at prices below Bowater's $60.25 offer price.

The acquisition is conditional on US regulatory clearance and approval by Bowater shareholders at an extraordinary general meeting next Thursday. Mr Norman Ireland, chairman, made clear that Bowater's decision to buy Rexham was based on long-term considerations unaffected by the subsequent fall in share prices.

Bowater's intention to proceed with the bid contrasts with TI Group's withdrawal last week from an agreed bid for Bundy, a US small-diameter-tubing group, on the eve of a shareholders' meeting. TI directors cited their fiduciary duty to shareholders.

Mr Edelman, a New York investor, said he was no longer seeking to buy Rexham at $53 per share. He has reduced his stake from 8.6 per cent to 4.7 per cent since the stock market crash by selling shares at prices between $56 and $58.

Supported by Bowater's cash offer, Rexham's share price has outperformed the Standard & Poor's Composite Index by 27 per cent since Black Monday. Its largest subsequent one-day loss was on the day that TI dropped the Bundy bid, although it had recovered to $58⅝ by Tuesday's close.

●In a separate bid involving Mr Edelman, a federal judge restrained Telex from using Oklahoma's anti-takeover law against his offer.

ABI ahead 16% to £1.33m

GROWTH rate of **Associated British Industries**, maker of wax, oil, chemicals and adhesives, slowed a little in the second half of 1986-87 but pre-tax profits for the full year to end-June still emerged 16 per cent up from £1.15m to £1.33m on an 8 per cent increase in sales from £31.2m to £33.6m.

In the first six months profits advanced by 20 per cent with weak oil prices lending a helping hand but exports to the US suffered because of the weak dollar.

After a lower tax charge of £467,000 (£516,000) basic earnings per share emerged at 35.9p (26.54p) or 26.71p (19.83p) fully diluted. An increase in the final dividend is being proposed from 2.9282p to 3.5p, making a total of 6.5p (5.59p).

The directors said that in the light of the recent upheaval in the financial markets forecasting, especially in the US, was bound to be difficult. But they added that the group was better placed to face what could be an uncertain economic climate.

Management accounts indicated a good start to the current year with the investment in Trans Penn Wax, the US company acquired for $2m in June 1986, producing profits ahead of budget.

The shares are traded on Granville's OTC market.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Amber Industrial Holdings, Britis Investment Trust, British Borneo Petroleum Syndicate, Electrocomponents, Fobel InternationalGleves, A. Goldberg, Grampian Television, Hanover Druce, MK Electric, Stanley Miller, Multitrust, Westbury, Winsmore, Yorkdyde.

Finals- Daks Simpson, Five Oaks Investment, Fleming Far Eastern Investment Trust, Keystone Investments.

FUTURE DATES

Interims-	
Blacks Leisure	Nov 11
Chloride	Nov 19
Equity Consort Inv Tst	Nov 11
Evans of Leeds	Dec 10
Marston Thompson and Evershed	Nov 26
Royal Bank of Scotland	Dec 3
Sainsbury (J.)	Nov 10
Smallshaw (R.) Knitwear	Nov 12
Stavely Industries	Nov 12
TR Property Inv Tst	Nov 19
Finals-	
Bankers Investment Trust	Dec 17
Barton Transport	Nov 13
Blenheim Exhibitions	Nov 9
Gaynor Group	Nov 18
North Atlantic	Nov 12

Bradford Property advances to £8.3m

Profits before tax of the Bradford Property Trust, property dealer and investor, rose by £1m to £8.34m over the half year to October 5.

Rental income, exclusive of rates, improved from £3.76m to £4.21m but sales by dealing companies were little changed at £8.75m(£8.79m).

Pre-tax figures took in profits of £259,000 (£430,000) from sales of investment properties, other income of £140,000 (same) and a share of related companies profits amounting to £32,000 (£23,000). Interest charges accounted for £44,000 (£70,000).

Earnings per 25p share on the surplus from property rentals after tax and preference dividend amounted to 5.77p (5.35p) and earnings available to ordinary shareholders emerged at 18.91p (16.90p).

The interim dividend is being lifted from 5p to 5.5p.

German Securities

The German Securities Investment Trust reported net asset value per £1 share of 125.9p on an undiluted basis and 121.7p diluted at the year end on August 31 1987. These compared with figures of 124.9p and 120.8p respectively at the end of the period of just under a year to August 31 1986.

The dividend is 1.7p (0.7p). After tax of £89,588 (£33,538) earnings per share rose from 0.88p to 1.95p.

APPOINTMENTS

Reorganisation at Scottish Life

THE SCOTTISH LIFE ASSURANCE COMPANY is establishing a new management structure from January 1. Mr G. Malcolm Murray will become chief general manager, in addition to his duties as a director. This will follow the retirement of Mr William M. Morrison as general manager; he remains a director. Mr Jim Gilchrist will become general manager (sales), and the second officer of the company. Mr Ian W. Munro will become general manager (systems). Mr Ruaridh M. Budge will become general manager (investment). Mr Brian J. Duffin will become general manager (marketing). Mr Reginald P. Bews continues as actuary. Mr David C. Dunn will become chief accountant and company secretary.

*

From January 1 Mr David Beck is appointed managing director of LEX RETAIL GROUP, comprising all Lex's retail car distribution businesses. He will continue to have responsibility for investigating opportunities in the US. Mr John Tinker, deputy chief executive of the Lex Automotive Group, will be retiring on December 31.

Mr Malcolm Murray, who becomes chief general manager, Scottish Life, on January 1

*

Mr Peter Genower, editor of Chat, has been appointed to the board of PUBLISHING DEVELOPMENTS.

*

Mr Alan Cleary, who was head of the legal division of Leeds City Council and deputy director of administration, has been appointed director of legal services of the BUILDING EMPLOYERS CONFEDERATION in succession to Mr Roger Wakefield.

*

Mr Robert Kemp has been appointed managing director of CRONITE CASTINGS, Crewkerne. He was deputy managing director of Wilsons Foundry.

*

FERRANTI has appointed Mr A.R. Cooper as company secretary in succession to Mr T.W. Grime who is standing down for health reasons. Mr Cooper was manager of patents and legal department. Mr Grime will continue as chairman of the trustees of the Ferranti Pension Schemes.

*

Mr Paul Formby has been appointed chairman, and Mr Nicholas Hood deputy chairman of RUHAAK HOLDINGS, following a 26.5 per cent investment by SEP Industrial Holdings.

*

Mr Keith Curtis has been appointed managing director of POWERED SHOWER SYSTEMS. He joins from Scott (formerly Bowater-Scott) where he was sales operations controller.

*

Mr Derek Freeman and Mr Paul Richardson have joined the board of OCTOPUS PUBLISHING GROUP. Mr Freeman is responsible for the group's production, including Tigerprint and Mandarin in Hong Kong. Mr Richardson is director of publishing development.

*

Sir James Hill, executive chairman of Sir James Hill & Sons, is the new chairman of the BRITISH WOOL FEDERATION.

*

Mr John Hockey, Mr David Gore, Mr Peter Sealey and Mr Jeffrey Needus have been appointed to the board of REX WILLIAMS (LEISURE).

*

Mrs Marjorie Tickler, chairman of ARTHUR SHAW MANUFACTURING has retired and becomes president. Mr Ian Tickler takes over as chairman. Mr Brian Phillips, managing director, additionally is made chief executive of Arthur Shaw & Co., London. Mr Harry Fisher, sales and marketing director, additionally becomes deputy managing director.

*

Sir Nicholas Hunt has taken up his post as a deputy managing director at EUROTUNNEL. He will assist the managing director and the co-chairmen in planning the development of the group's structure and capability.

*

Mr Craig Niven has been appointed a director of CAMBRIDGE CAPITAL.

*

Mr F.C. Flood, company secretary of BRIDGEND GROUP, has joined the board.

*

Sir Monty Finniston has been appointed chairman of NENE INSTRUMENTS, Wellingborough.

*

Mr John Biffen has joined the board of GLYNWED INTERNATIONAL as a non-executive director.

*

Mr John Barton, chief executive of JARDINE INSURANCE BROKERS GROUP, has assumed the additional role of chief executive of the group's US company, Jardine Emett & Chandler Inc. He will be based in San Francisco. Mr Harold Talbot has been appointed a deputy chairman of Jardine Emett & Chandler. The group's head office will remain in London.

*

Mr George Ritchie has been appointed director of finance and administration at FRESHFIELDS. He joins from Charterhouse, where he held a similar post.

*

Mr Ian Scott, who will become group treasurer of Guinness on January 1, has been group treasurer of Jaguar since 1983.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY-Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
1986							
1st qtr.	108.8	102.7	97	119.3	146.0	3,171	166.5
2nd qtr.	108.8	104.0	97	121.3	154.0	3,203	175.6
3rd qtr.	111.0	105.1	98	123.7	158.7	3,202	200.3
4th qtr.	111.1	107.4	96	126.5	194.3	3,141	213.0
1987							
1st qtr.	112.1	107.5	95	125.4	157.0	3,073	210.4
2nd qtr	112.5	109.0	93	128.3	166.0	2,965	226.1
March	112.9	108.3	93	125.5	157.8	3,040	210.6
April	112.3	108.5	94	130.0	169.0	3,018	213.9
May	113.2	109.2	93	125.4	161.3	2,952	231.2
June	111.9	109.4	93	129.4	167.3	2,925	233.3
July	114.4	111.0	93	131.2	173.7	2,876	234.9
Aug.	115.3	111.5	93	132.5	178.5	2,829	237.5
Sept.				131.4		2,775	251.5

OUTPUT-By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Cnsmer goods	Invest goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1986							
1st qtr.	103.9	101.2	114.9	101.3	109.6	103.1	14.6
2nd qtr.	105.2	101.4	115.8	102.8	110.1	104.1	19.5
3rd qtr.	106.4	101.7	117.4	103.6	109.3	103.2	19.4
4th qtr.	108.5	103.4	115.9	105.4	115.6	104.7	15.5
1987							
1st qtr.	108.0	103.4	118.0	105.4	114.5	102.0	17.4
2nd qtr	110.8	102.5	118.0	105.4	120.6	106.1	19.5
January	107.1	101.9	116.4	104.0	107.0	103.0	12.7
February	109.0	103.4	118.7	105.0	121.0	102.0	18.6
March	108.0	105.0	118.9	107.0	116.0	101.0	20.8
April	110.4	102.2	118.0	105.0	116.0	106.0	18.1
May	111.3	102.3	119.4	105.0	121.0	106.0	20.4
June	110.7	103.1	116.5	106.0	125.0	106.0	20.1
July	112.9	104.1	119.8	107.0	122.0	108.0	20.5
Aug.	112.9	104.4	121.6	108.0	127.0	110.0	16.1

EXTERNAL TRADE-Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn
1986							
2nd qtr.	121.9	129.1	-1,608	+146	+765	102.5	19.29
3rd qtr.	122.6	139.0	-2,891	-910	+621	103.2	22.43
4th qtr.	130.5	144.0	-2,725	-960	+785	100.9	21.92
1987							
1st qtr.	130.0	133.2	-1,135	+672	+1,164	100.5	27.04
2nd qtr	128.3	140.7	-2,361	-174	+1,032	103.7	34.36
3rd qtr	130.5	150.7	-3093	-1293	+942	103.5	34.81
March	128.9	130.2	-417	+165	+454	100.8	27.04
April	131.4	138.6	-528	+203	+423	102.8	29.81
May	123.9	144.3	-1,096	-367	+365	103.8	34.68
June	123.5	139.1	-740	-11	+245	104.4	34.36
July	131.3	147.6	-910	-310	+284	103.1	34.91
Aug.	126.4	154.9	-1,529	-929	+374	103.6	34.36
Sept.	133.9	149.6	-655	-55	+284	103.7	34.81
Oct.							41.40

FINANCIAL-Money supply M0, M1 and M3 (three months' growth at annual rate); bank sterling lending to private sector; building societies' net inflow; consumer credit†; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	Cnsmer. credit† £m	Base rate %
1986							
2nd qtr.	3.1	25.9	27.3	+6,455	1,433	+346	10.00
3rd qtr.	5.9	30.3	15.4	+6,895	168	+792	10.00
4th qtr.	7.6	15.3	14.1	+10,516	2,814	+444	11.00
1987							
1st qtr.	1.2	20.6	20.2	+6,733	1,465	+952	10.00
2nd qtr	3.3	29.7	28.3	+8,554	1,804	+1,033	9.00
3rd qtr	8.1	25.2	21.7	+11,445	1,211		10.00
March	-3.8	33.8	29.4	+2,082	547	+399	10.00
April	0.1	20.9	33.6	+1,973	727	+410	9.50
May	5.5	37.6	32.8	+2,650	521	+294	9.00
June	4.5	30.8	21.9	+3,931	556	+329	9.00
July	7.7	34.5	24.2	+4,875	347	+241	9.00
Aug.	7.1	22.5	21.0	+2,187	687	+215	10.00
Sept.	9.6	19.5	20.3	+4,383	197		10.00
Oct.					197		9.50

INFLATION-Indices of earnings (Jan 1980=100); basic materials and fuels; wholesale prices of manufactured products (1980=100);retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1931 =100); trade weighted value of sterling (1975=100)

	Earn-ings*	Basic matls.*	Whsale. mnfg*	RPI*	Foods	Reuters* cmdty.	Sterling
1986							
1st qtr.	179.1	132.4	143.3	96.5	96.9	1,825	75.1
2nd qtr.	184.0	125.8	145.7	97.8	98.7	1,714	76.1
3rd qtr.	187.4	120.8	146.3	97.9	98.3	1,464	71.9
4th qtr.	191.0	127.4	147.4	99.1	98.3	1,608	68.2
1987							
1st qtr.	192.0	129.8	149.3	100.3	100.5	1,590	69.9
2nd qtr	198.0	128.7	150.8	101.9	101.8	1,598	72.8
3rd qtr		131.1	151.6	102.1	100.5	1,647	72.7
March	194.5	128.2	149.7	100.6	100.7	1,539	71.9
April	195.9	128.4	150.5	101.8	101.6	1,554	72.4
May	198.1	128.0	151.0	101.9	102.2	1,612	73.3
June	200.0	128.7	151.1	101.9	101.6	1,629	72.6
July	203.1	130.5	151.3	101.8	100.4	1,632	72.8
Aug.	201.8	131.3	151.6	102.1	100.7	1,655	72.3
Sept.		131.4	151.9	102.4	100.4	1,653	73.1
Oct.						1,662	73.6

*Not seasonally adjusted
†Net changes in amounts outstanding, excluding bank loans.

ITC puts documents case to Law Lords

By Raymond Hughes, Law Courts Correspondent

THE INTERNATIONAL Tin Council yesterday asked five Law Lords to make a comprehensive ruling that neither its documents, nor copies of them, nor information derived from them could be used as evidence in the tin crisis litigation.

The ITC contended that all such material was part of its official archives and therefore immune from disclosure in court actions because its archives had the same inviolable status as those of a diplomatic mission.

The Law Lords are hearing appeals by the ITC and Maclaine Watson, one of a number of tin brokers involved in litigation arising from the ITC's collapse into insolvency in October, 1985, against a decision of the Court of Appeal in July.

The appeal court held that documents retained in the ITC's archives were protected from disclosure but that copies sent by the ITC to its members - 23 states and the European Commission - and copies obtained by third parties, were not.

The documents issue arose when the ITC intervened in an action brought by two Shearson Lehman companies against, among others, Maclaine Watson, in which some parties want to use ITC copy documents as evidence.

The issue also affects other parts of the tin litigation, notably actions in which bank and broker creditors of the ITC have alleged fraudulent trading and negligent mismanagement against the ITC, founding their allegations in part on ITC documents.

The Law Lords' decision could have implications also for other international organisations which, like the ITC, have a presence in the UK.

Copies of ITC documents have come into the hands of third parties in a variety of ways, including the use of the US Freedom of Information Act and as a result of being appended to a report of a House of Commons select committee. Others derived from ITC members or from City institutions consulted when consideration was being given to mounting a rescue operation for the ITC.

The ITC contended that however the material or information derived from it was acquired, or came into the public domain, it all remained part of the council's archives, the inviolability of which could be removed only by express waiver by the ITC itself.

The hearing continues today.

Ivory Coast takes tough line on cocoa surplus

BY NICHOLAS WOODSWORTH IN ABIDJAN

THE 11 member nations of the Cocoa Producers Alliance, who are meeting this week in Lagos, have expressed serious concern about growing cocoa surpluses and are seeking agreement on measures to deal with the problem.

While solutions proposed to reduce stocks are varied, all delegates agree on the need for immediate and concerted action.

The Ivory Coast, the world's biggest producer - 1987/88 output is estimated at 580,000 tonnes - has taken the toughest line, proposing such drastic measures as the destruction of large amounts of poorer quality cocoa already in stock as a means of driving up prices.

Cocoa prices are currently at 4¾-year lows owing to recent bumper harvests and the suspension of buffer stock buying. Buffer stock operations were suspended last June when producing and consuming members of the International Cocoa Council Organisation(ICCO) failed to agree on the level of "must buy" buffer stock trigger prices. Although the ICCO met in London in September, delegates again failed to reach agreement on the question.

As one means of partially compensating for the suspension of the buffer stock operation Mr Goffa Jacob, the chief Ivory Coast delegate at the meeting, said his country favoured a system of production quotas for CPA members. "The Alliance no longer influences the market," he told the meeting. "We need to overhaul it and give it the means to function." There has in the past been little unity or agreement between CPA members on methods to protect producers.

CPA members, who account for 85 per cent of world cocoa output, expressed concern over the rising production figures of Malaysia and Indonesia, Asia's leading growers. These non-members were held to be partly responsible for the depressed state of the market and urged to join the Alliance.

One producer singled out for particular criticism was the host country, Nigeria. With output rising once again after years of neglect, the Nigerian cocoa industry was blamed for 70 per cent of the poor quality cocoa currently held in thebuffer stock.

Many analysts blame poor Nigerian cocoa quality on the dissolution last year of the country's commodity marketing boards and the institution of a free purchase and sales policy. While Nigerian delegates claimed that the cocoa complained of did not pass through government inspection but was smuggled, they did voice a concern for cocoa quality.

Mr G. C. Oranika, the Nigerian Trade Ministry's permanent secretary, told delegates that a high-powered body had been set up to ensure the quality of exports

CPA delegates will meet later this year when the ICCO convenes in London on December 4. The meeting is expected to be dominated once again by demands by producers for the restoration of buffer stock buying.

Market turmoil boosts diamonds

By Judith Maltz in Jerusalem

IN SPITE of predictions to the contrary, Israel's diamond industry, a major foreign currency earner, has benefited from recent adverse developments in the world capital markets, according to Mr Moshe Schnitzer, president of the Israel Diamond Exchange.

He explained that money taken out of stocks was being invested in diamonds, as evidenced by the growing number of buyers on the exchange. Better proof he said was the fact that sales in October alone were 30 per cent higher, than in the same month last year, reaching $184m.

Mr Schnitzer forecast that exports from Israel which has become the world's largest diamond manufacturing centre, would top the $2bn mark in the current year.

An unwelcome result of the market turmoil, however, was a seven day suspension of diamond trading between Israel and Hong Kong because of payments problems encountered by Hong Kong merchants. Business returned to normal this week.

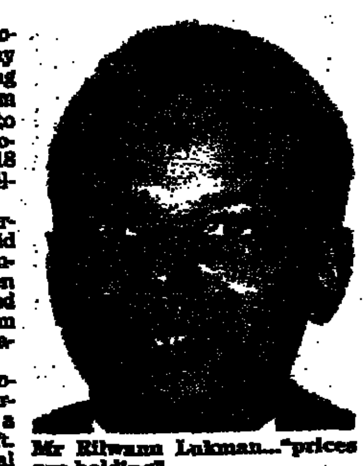
Mr Schnitzer said that the decision to halt trading was taken when Hong Kong debt had mounted to what was considered a dangerous level of US$80m. "We felt it would be best to take a break and see what would develop," he said. "Fortunately, the money is begining to flow once again."

Always an important export destination, Hong Kong had traditionally been Israel's second largest market in cut and polished diamonds, ranked just behind the US. Last year, exports of the processed stones to Hong Kong, came to US$300m out of a total of $1.6bn, representing an increase of more than a quarter over the previous year.

Opec chief sees room for increased ceiling

BY LAURA RAUN IN DELFT

THE ORGANISATION of Petroleum Exporting Countries may be able to raise its official ceiling on oil production by between 1m and 1.5m barrels per day to match actual output without jeopardising the official price of $18 a barrel, according to Mr Rilwanu Lukman, its president.



Mr Rilwanu Lukman..."prices are holding"

Mr Lukman, who is also Nigeria's Minister of Petroleum, said yesterday that the 13 Opec members were producing between 17.5m and 18m b/d compared with an official ceiling of 16.6m and yet oil prices were fairly stable around the $18 level.

"There is room to increase production well above 16.6m barrels," he said after addressing a petroleum symposium in Delft. "Prices are holding at official levels, so we have a reference point now."

When Opec holds its regular biannual conference in Vienna on December 9 it will attempt to forge a new production sharing agreement for 1988 that will be observed by all members. Currently Iraq refuses to abide by Opec quotas and is blamed for most of the group's overproduction.

Mr Lukman said he did not expect oil demand to fall sharply as a result of a world economic recession induced by the recent stock market crash.

"There is a minimum quantity of energy that always is required...even if incremental consumption may slow."

He conceded that a dramatically lower dollar could cut into oil revenue but brushed aside suggestions that lower income would increase pressure for a price rise. "It's just one of many problems, a technical factor," he said.

●Mr Fahdil al Chalabi, Opec deputy secretary general, called for increased support from non-Opec producers to help the organisation maintain stable crude prices through production restraints, Reuter reports from Oslo.

"It is not in the interest of the international community to continue depleting narrow (non-Opec) reserves in order to maximise today their market share and be left tomorrow with very little reserves," he told a seminar on energy policy.

"Hence the necessity of co-operation between Opec and non-OPEC producers...in order to help OPEC sustain prices. We have few examples - Norway is one," he said.

Jute pact future undecided

BY JOHN MURRAY BROWN IN JAKARTA

JUTE PRODUCERS and consumers ended three days of talks in Indonesia yesterday, undecided whether to extend the 31-member agreement which is set to expire at the end of 1988.

Delegates to the talks in Jogjakarta in central Java confirmed however that the lengthy process of renegotiating the five-year-old pact for this US$1bn-a-year jute trade would be resumed at a meeting next March in the Bangladesh capital of Dakar, home of the International Jute Organisation.

The world's two leading jute producers - Bangladesh and India - this week argued for the pact to be strengthened, by the introduction of a price support mechanism and the use of a buffer stock, as in other commodity agreements.

Consumer countries however, led by the US, opposed moves to endorse the use of stockpiling to improve prices. Warehousing for such a cheap but bulky commodity is considered too costly.

The pact is currently limited to marketing promotion in importing countries, various schemes aimed at improving growing methods and the regulation and development of jute seed strains.

The market for jute which is used for sacks, mattingand carpet-backing, and grown by some of the world's poorest nations, has recovered in the last few years as prices for the synthetic oil-based substitutes have increased along with the rise in oil prices.

Pakistan plans import tenders for sugar

BY MOHAMAD AFTAB IN ISLAMABAD

PAKISTAN PLANS to invite tenders for purchase of 500,000 tonnes of refined sugar, in order to tide it over an expected shortfall in its domestic production.

The offers will be invited within a week, officials said. Domestic production is projected to be 1.3m tonnes. The consumption requirements are estimated at 1.8m tonnes for the next 12 months. The state-owned Trading Corporation (TCP) will make the invitation.

The shipments are planned to be made in December this year, and in January,1988. Sugar mills in the southern Sind province have started crushing sugarcane to make refined sugar, while all other mills in rest of the country will start the operation in the next few days. The shortage is attributed to a low sucrose content in sugarcane because of too little rain this season.

●Indian sugar production in the 1987/88 season (October/September) is forecast at 8,940,000 tonnes, down from 9,093,000 tonnes estimated for the 1986/87 season,

Commission plans EC fish price cuts

THE EUROPEAN Commission wants to cut its guide price for herring by 10 per cent and for mackerel by 5 per cent under its fish guide price proposals for next year, Reuter reports from Brussels.

The EC sets guide prices each year and goes on to fix a "withdrawal price" - between 70 per cent and 90 per cent of the guide price - at which it will buy fish withdrawn from the market by producers. Much of the withdrawn fish is used for animal feed.

Brazil's fuel alcohol programme comes under fire

BY ANN CHARTERS IN SAO PAULO

RE-EXAMINATION of the alcohol for fuel programme has become as regular an event in Brazil as the harvesting of the sugar cane which provides the feedstock. So too has the annual attack of nerves suffered by cane growers as government officials rethink petroleum policies and the proper strategic balance between gasoline and alcohol.

The perennial discussion as to how much government subsidy should be dedicated to alcohol-burning cars and trucks increases in fervour when international petroleum prices drop and normally cools off when they rise, as the country has to spend less hard currency because of the gasoline substitute. This year, however, the Government's 12-year Proalcohol programme is under fire for quite a different reason.

The Government is under increasing pressure to reduce a growing public sector deficit and staunch mounting losses from Petrobras, the state petroleum monopoly, responsible for distributing gasoline and alcohol. In the first half of the year Petrobras reported its first ever loss, of CZ$33.3bn (then worth US$772m), with CZ$5bn attributed to losses in the alcohol account.

The National Energy Commission has been studying two proposals: to reduce the pricing differential between alcohol and gasoline from the current 35 per cent; and to adopt a new distribution system for alcohol with producers delivering directly to distributors without Petrobras acting as an intermediary.

Reducing the pricing gap between alcohol and gasoline at the pump is a delicate issue. Since ethanol-burning vehicles first became widely available in 1980 car manufacturers have increased the proportion of alcohol cars in total production from an initial level of 22 per cent to 66 per cent. Although they are one-fifth less fuel efficient, ethanol powered cars have sold well, attracting buyers impressed with the lower cost of fillups.

Between 1979 and the end of September 1987 nearly 3.5m cars burning ethanol rolled off factory production lines. Sugar cane growers have a vested interest in keeping the people who bought them happy and in convincing yet more buyers to opt for alcohol cars. The growers argue that even a one per cent cut in the price differential (taking alcohol to 66 per cent of the gasoline price) would dampen demand and create doubts in consumers' minds about the Government's commitment to the programme.

Sugar cane growers who produce both sugar and alcohol worry that if alcohol prices are too close to the price of gasoline, car buyers will opt for the more efficient gasoline cars, leaving growers with excess capacity. An increase in demand for gasoline would please Petrobras, however, as it now has to produce an excess in order to refine sufficient petroleum to meet demand for diesel fuel. Currently, much of the excess gasoline is exported.

As an alternative to changing prices at the pump, serious consideration is being given to privatising distribution on the assumption that private companies would be more efficient than a state monopoly. Such a move would put a chink in Petrobras' monopoly, however, and may require a reduction in government taxes, now about 20 per cent of the ethanol price, so as to increase the amount available to cover distribution costs.

An economist with one of the country's largest ethanol producers, said that Petrobras's problem concerned all government-controlled pricing for the state company, but that alcohol was getting more of the blame.

In early September President Jose Sarney signed a decree maintaining the current alcohol/gasoline price differential; but the question has now come back to haunt producers.

So far the main outlet for excess ethanol has been exporting, primarily to the US. In 1986, Brazil sold 340m litres of ethanol to that country, supplying 12 per cent of the market.

Brazil's total production last year was 10.2bn litres with projections to increase to 13bn litres from 1987/88 harvest. According to distillers, there is not expected to be excess alcohol to export, given demand projections, unless the Government pinches demand with higher ethanol prices.

Pressurised by Petrobras, the Government may decide that the alcohol programme is not as strategically necessary as it was to make Brazil less dependent on petroleum. Since Brazil now produces 60 per cent of its own crude oil requirements the alcohol programme could stand some distilling itself.

China resumes pork rationing

CHINA HAS resumed rationing of pork at state shops in major cities because output this year has fallen 2.6 per cent from the 1986 level, the China Daily said, reports Reuter from Peking.

LME cash settlement

THE NEW London Metal Exchange table does not carry separate quotation for "settlement" prices. This information is still available, however, as the settlement prices are the same as the cash AM Official offer prices (the second prices in the spreads). For example in today's table the copper Grade A settlement price is $1,226 a tonne.

Coffee quota talks

INTERNATIONAL COFFEE Organisation talks on how newly imposed export quotas will operate stalled late yesterday, due to major differences in the interpretation of rules governing the transition to quotas from a free market, ICO delegates said.

"There is a deep difference of understanding between producers and the US," Brazilian delegate Ambassador Lindenberg Sette said.

INDICES

REUTERS (Base: September 18 1931 = 100)

Nov 3	Nov 2	month ago	year ago
1658.1	1660.0	1650.5	1609.7

DOW JONES (Base: September 18 1931 = 100)

	Nov 3	Nov 2	month ago	year ago
Spot	125.87	127.46	127.27	121.48
Future	127.44	128.34	132.11	120.50

LONDON MARKETS

AFTER BEING in the shadow of the volatile copper and aluminium markets in recent weeks lead took a leading role on the London Metal Exchange yesterday. Persistent demand for cash metal and general short-covering took the price £14.50 higher to £352.50 a tonne at the close. But the three months position was only £6.50 higher at £336.75 a tonne. Dealers said merchant shortcovering coupled with trade buying against tightness of scrap feed appeared to be the main reasons behind the upsurge in demand for cash metal, which widened its premium over the three months position from around £7 to £14 a tonne. The zinc market was also significantly firmer on good trade demand for cash metal and the LME price closed £9 higher at £450.50 a tonne. Unlike lead zinc is in a "contango" (ie the cash price is at a discount to forward meta) which is regarded as the "normal" situation. But yesterday the discount narrowed from £5 to £1 a tonne. The aluminium market remained very nervous meanwhile, and the cash standard grade quotation added £34 to Tuesday's £55 fall in reaching £975.50 a tonne. Dealers said there had been some early liquidation of option covering positions because there was unlikely to be any significant volume of option declarations in view of the recent sharp fall in prices. On the cocoa market sterling's firmness and selling in New York was enough to send prices to fresh 4¾-year lows.

LONDON BULLION MARKET

Gold (fine ounce)

	$ price	£ equivalent
Close	466-466½	266¾-267¼
Opening	468-468½	268¾ -269¼
Morning fix	467	267.182
Afternoon fix	466.15	269.364
Day's high	468½-469	
Day's low	465¼-465¾	

Gold & Platinum Coins

	$ price	£ equivalent
US Eagle	479-484	274.1-276.96
Mapleleaf	479-484	274-277½
Krugerrand	466-469	266¾-268¾
1/2 Krug	243-252	139.05-144.2
1/4 Krug	120-128	68.67-73.25
Angel	477-482	272.96-75.82
1/10 Angel	47-52	26.89-29.76
New Sov.	109½-110½	62½-63¼
Old Sov.	109½-111	62½-63½
Britannia	479-484	274.1-276.96
Noble Plat	526.35-1.9	301.20-04.40

Silver (fine ounce)

	UK pence	US cts equiv
Spot	385.05	674.00
3 months	394.10	687.20
6 months	402.45	699.55
12 months	418.90	725.55

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.5%)	Calls		Puts	
Strike price $ tonne	Jan	Mar	Jan	Mar
1625	92	84	76	101
1650	80	73½	86½	115½
1675	69	64½	102½	130½
Copper (Grade A)	**Calls**		**Puts**	
Strike price $ tonne	Jan	Mar	Jan	Mar
1950	119½	137½	76	123½
2000	94	115½	100	150
2050	73	96	126½	179½
Copper (Grade A)	**Calls**		**Puts**	
Strike price £ tonne	Jan	Mar	Jan	Mar
1125	59½		40	
1125	47		52½	
1150	36½		66½	

LONDON METAL EXCHANGE

(Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 550 tonne
Cash	1715-25	1745-55		1650-70		
3 months	1649-51	1675-85	1650/1620	1625-35	unquoted	2,507 lots
Aluminium,99.5% purity (£ per tonne)						Ring turnover 17,050 tonne
Cash	973-8	1007-12	958/955	954-5		
3 months	933-5	957-8	939/923	924-5	933.5-4	62,652 lots
Copper, Grade A (£ per tonne)						Ring turnover 39,050 tonne
Cash	1219-21	1228-4	1240/1223	1224-6		
3 months	1129-30	1124-5	1139/1112	1113-4	1128.5-7	82,831 lots
Copper, Standard (£ per tonne)						Ring turnover 25 tonne
Cash	1190-5	1190-5	1195	1195-200		
3 months	1115-25	1128-6		1100-10		34 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	668-70	672-5		671-4		
3 months	682-4	685-8		684-7	682-5	568 lots
Lead (£ per tonne)						Ring turnover 15,600 tonne
Cash	352-3	337-337	353/345	347.5-8		
3 months	335.5-7	330-30.5	337/331	333.5-4	335-7	12,457 lots
Nickel (£ per tonne)						Ring turnover 2,884 tonne
Cash	3250-60	3305-15		3270-5		
3 months	3240-5	3295-305	3275/3240	3250-60	3240-5	8,339 lots
Zinc (£ per tonne)						Ring turnover 19,800 tonne
Cash	450-1	441-2	460/447	444.5-5.5		
3 months	451-2	446-7	454/447	447.5-8	452-3	14,968 lots

SPOT MARKETS

Crude oil (per barrel FOB November)		+ or -
Dubai	$16.50-6.55y	-0.40
Brent Blend	$17.90-8.00	-0.425
W.T.I. (1 pm edt)	$18.95-9.00y	-0.45
Oil products (NWE prompt delivery per tonne CIF December)		+ or -
Premium Gasoline	$183-86	-1
Gas Oil	$163-64	-2
Heavy Fuel Oil	$94-95	-1.5
Naphtha	$157-59	-2
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)	$466.25	+1
Silver (per troy oz)	385.05p	-12.85
Platinum (per troy oz)	$503.10	-9.90
Palladium (per troy oz)	$113.25	-1.24
Aluminium (free market)	$1655	-40
Copper (US Producer)	94c	+5.50
Lead (US Producer)	42c	
Nickel (free market)	289c	-1
Tin (European free market)	£4025	-5
Tin (Kuala Lumpur market)	17.20r	
Tin (New York)	323.5c	
Zinc (Euro. Prod. Price)	$820	
Zinc (US Prime Western)	43.375c	
Cattle (live weight)†	98.50p	+2.84 *
Sheep (dead weight)†	192.77p	+17.20*
Pigs (live weight)†	74.75p	-0.63 *
London daily sugar (raw)	$162.60x	-4.40
London daily sugar (white)	$193.00x	-0.50
Tate and Lyle export price	£210.00	-3.50
Barley (English feed)	£110.50y	
Maize (US No. 3 yellow)	£133.00	
Wheat (US Dark Northern)	£88.75	-0.50
Rubber (spot)♥	61.00p	-0.75
Rubber (Dec)♥	63.50p	-1.25
Rubber (Jan)♥	64.00p	-1.25
Coconut oil (Philippines)§	$485.00z	
Palm Oil (Malaysian)§	$347.50y	
Copra (Philippines)§	$310.00w	
Soyabeans (US)	$134.50	-2
Cotton "A" index	74.60c	-0.70
Wooltops (64s Super)	515p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lbs. r-ringgit/kg. v-Jan/Mar. w-Oct. x-Nov/Dec.y-Dec. z-Jan/Feb. † Meat Commission average fatstock. * change from a week ago. ♥ London physical market. § CIF Rotterdam

GAS OIL $/tonne

	Close	Previous	High/Low
Nov	162.50	164.50	163.50 162.00
Dec	163.00	165.75	164.75 162.75
Jan	163.00	165.25	164.75 162.75
Feb	161.50	164.00	163.00 161.50
Mar	159.00	160.00	160.00 159.00

Turnover 4780 (4776) lots of 100 tonnes

FREIGHT FUTURES £/index point

	Close	Previous	High/Low
Jan	1240.0	1227.5	1240.0 1225.0
Apr	1265.0	1250.0	1265.0 1255.0
Jly	1130.0	1121.5	1131.0 1115.0
BFI	1171.5	1172.0	

Turnover 158 (349)

POTATOES £/tonne

	Close	Previous	High/Low
Nov	86.50	85.00	86.00 85.00
Feb	102.00	101.00	
Mar	91.00	88.60	
Apr	152.80	151.20	153.60 152.00
May	166.50	164.80	167.00 165.50
Nov	90.00	75.00	

Turnover 697 (689) lots of 100 tonnes.

WOOL

Australian wool prices have begun to ease slightly in the past couple of days. This has compounded the falling trend in terms of most leading currencies which had resulted from recent weakness in the Australian and New Zealand dollars.

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Nov	110.00	109.40	110.00 109.20
Jan	112.50	112.00	112.50 111.90
Mar	114.50	114.05	114.50 114.00
May	116.90	116.35	116.90 116.35
Jly	119.25	118.85	119.25
Sep	102.40	102.40	102.40
Nov	104.25	104.15	104.25

Barley	Close	Previous	High/Low
Nov	104.45	105.60	105.60 105.40
Jan	107.05	106.65	107.05 106.45
Mar	109.25	108.75	109.25 108.70
May	110.90	110.55	110.90 110.55
Sep	99.10	99.10	99.10
Nov	101.20	101.20	101.20

Turnover: Wheat 195 (299) , Barley 95 (298). lots of 100 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Dec	130.50	130.00	130.00 129.00
Feb	131.50	131.20	130.50
Apr	131.20	131.50	130.50
Jun	122.20	123.00	122.00 121.50
Aug	121.00	122.00	
Oct	123.00	123.00	
Dec	125.00	126.00	

Turnover 54 (103) lots of 100 tonnes.

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low
Dec	158.80	161.00	160.00 159.20
Mar	164.80	167.20	168.00 164.00
May	168.00	169.40	169.00 168.00
Aug	167.80	170.00	170.00
Oct	169.00	171.20	171.80 169.00
Dec	173.00	174.00	
Mar	178.80	180.00	

White	Close	Previous	High/Low
Dec	190.50	193.50	193.50 190.50
Mar	196.60	199.00	200.00 196.40
May	200.00	205.00	203.80 203.50
Aug	203.00	207.00	207.50 203.00
Oct	204.00	210.00	206.50 204.50
Dec	205.00	211.50	209.20 209.20
Mar	208.00	217.50	— —

Turnover: Raw 2226 (1592) lots of 50 tonnes. White 1225 (1796) .
Paris- White (FFr per tonne):Dec 1112, Mar 1148, May 1175, Aug 1210, Oct 1220 Dec 1231.

COCOA £/tonne

	Close	Previous	High/Low
Dec	1108	1114	1117 1104
Mar	1139	1147	1151 1137
May	1162	1169	1171 1160
Jly	1186	1190	1192 1183
Sep	1205	1210	1213 1203
Dec	1228	1235	1235 1227
Mar	1258	1259	1260 1252

Turnover: 3897 (3548) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for November 3: 1430.67 (1440.78) .10 day average for November 4: 1463.15 (1466.27) .

COFFEE £/tonne

	Close	Previous	High/Low
Nov	1245	1250	1246 1240
Jan	1277	1285	1279 1274
Mar	1303	1310	1304 1297
May	1326	1338	1327 1321
Jly	1346	1365	1348 1341
Sep	1365	1385	1365
Nov	1400	1418	

Turnover: 2049 (3309) lots of 15 tonnes
ICO indicator prices (US cents per pound) for November 3: Comp. daily 113.28 (113.29) . 15 day average 111.69 (111.89).

US MARKETS

Downward pressure continued on the precious metals, reports Drexel Burnham Lambert. In gold and silver local and commissi on house selling kept prices on the defensive, but once again, trade buying and short-covering support was noted which held declines. In platinum another limit down-move reflected continued fears of falling demand for the metal. Copper, on the other hand, rose sharply on very good general buying as constructive fundamentals reasserted themselves. Energy futures were weak following publication of the API statistics. Crude oil fell as a result of large build-up of stocks, while the products fell reflecting smaller-than-expected draw-downs of stocks. Sugar fell on early trade selling which touched off commission house stops, but trade support was noted at the lows. Cocoa firmed in early trading, but origin and trade selling prompted local and commission house selling as the market closed lower. Coffee closed lower on light trade selling. Cotton was choppy in a session dominated by local activity. The meats closed mixed. Cattle was slightly higher while bellies and hogs were lower, and with little trading of size, all the markets tended to consolidate. The grains were also quiet, tending to firm as a reaction to recent weakness, with little feature in the markets.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low
Nov	468.3	468.4	
Dec	468.2	470.6	469.8 466.0
Jan	470.8	473.2	
Feb	474.1	476.6	476.4 472.3
Apr	480.0	482.6	481.0 478.1
Jun	485.9	488.6	487.2 484.0
Aug	492.0	494.8	491.5
Sep	460.0	460.0	461.0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low
Nov	155.50	152.75	156.00 152.00
Jan	150.85	147.75	152.00 148.50
Mar	149.90	147.80	150.80 146.80
May	148.75	147.15	150.50 146.50
Jly	149.15	146.75	149.25 146.00
Nov	146.65	144.50	146.50 144.50
Jan	145.90	141.25	145.00 142.00
Mar	145.90	141.25	

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low
Dec	1799	1819	1837 1795
Mar	1826	1850	1857 1825
May	1857	1880	1880 1857
Jly	1885	1913	1908 1885
Sep	1915	1940	1920 1920
Dec	1955	1973	
Mar	1988	2005	

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low
Dec	123.68	123.82	124.00 123.55
Mar	128.22	128.25	128.45 128.00
May	130.17	130.85	130.60 129.95
Jly	131.70	131.85	131.75 131.10
Sep	133.34	133.43	134.00 132.55
Dec	134.15	133.63	
Mar	131.23	131.78	

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low
Nov	91.75	88.60	90.10 86.50
Dec	89.25	85.80	89.60 85.25
Jan	87.70	84.25	83.75
Mar	84.60	81.60	84.50 81.30
May	82.20	79.80	82.00 79.75
Jly	80.20	78.90	80.00 79.00
Sep	79.45	78.40	79.50 78.00
Dec	79.10	78.20	
Jan	79.05	78.15	
Mar	79.00	78.10	

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low
Nov	493.2	519.3	510.0 484.0
Dec	497.3	522.3	500.0 500.0
Jan	500.3	525.3	518.0 500.3
Apr	509.3	534.3	528.0 509.3
Jly	518.3	543.3	529.0 519.0
Oct	527.3	552.3	537.0 532.0
Jan	536.8	561.8	0 0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low
Nov	666.3	680.2	673.0 672.0
Dec	669.5	684.0	678.0 672.5
Jan	673.4	688.1	677.5 665.0
Mar	683.4	698.5	689.0 674.0
May	692.3	707.9	700.0 680.0
Jly	701.3	717.4	709.0 690.0
Sep	710.8	727.3	716.0 704.0
Dec	725.9	743.0	735.0 718.0
Jan	730.8	748.2	

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low
Jan	6.80	6.88	
Mar	7.34	7.44	7.40 7.31
May	7.41	7.55	7.48 7.39
Jly	7.46	7.58	7.52 7.45
Oct	7.56	7.65	7.60 7.53
Jan	7.78	7.85	
Mar	7.94	8.08	

COTTON 50,000; cents/lbs

	Close	Previous	High/Low
Dec	67.35	68.65	67.45 65.85
Mar	68.59	68.10	68.75 67.30
May	69.30	68.96	69.40 68.05
Jly	69.30	68.75	69.30 68.00
Oct	65.40	65.52	65.30 65.10
Dec	64.30	64.30	64.50 63.80
Mar	65.45	66.42	65.30 65.25

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low
Dec	19.09	19.47	19.32 18.85
Jan	18.95	19.36	19.17 18.75
Feb	18.88	19.26	19.07 18.72
Mar	18.78	19.18	19.00 18.68
Apr	18.74	19.13	18.94 18.65
May	18.65	19.08	18.86 18.58
Jun	18.66	19.00	18.81 18.68
Jly	18.65	18.90	18.80 18.52
Aug	18.65	18.91	18.70 18.50
Sep	18.70	18.86	0 0

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low
Dec	55.30	56.20	55.80 54.75
Jan	55.15	56.00	55.85 54.70
Feb	54.50	55.35	54.85 54.10
Mar	52.70	53.45	53.10 52.30
Apr	50.80	51.60	51.20 50.60
May	49.45	50.50	50.20 49.45
Jun	49.05	49.90	49.50 49.05
Jly	49.30	49.60	49.30 48.80

Chicago

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low
Dec	17.25	17.14	17.29 17.10
Jan	17.45	17.51	17.45 17.30
Mar	17.74	17.82	17.75 17.60
May	18.07	17.88	18.07 17.88
Jly	18.20	18.10	18.21 18.05
Aug	18.25	18.15	18.25 18.15
Sep	18.27	18.20	18.30 18.20
Oct	18.30	18.25	18.30 18.30
Dec	18.55	18.55	18.60 18.55

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low
Dec	177.6	177.4	178.8 176.0
Jan	172.1	171.3	172.8 171.0
Mar	168.1	167.1	168.3 166.5
May	165.3	165.1	165.5 164.3
Jly	163.2	162.5	164.0 162.5
Aug	163.2	162.7	163.5 162.5
Sep	161.7	160.8	163.0 161.5
Oct	161.6	160.5	163.0 161.5
Dec	162.0	160.6	163.0 160.8

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low
Dec	284/0	282/2	284/2 280/0
Mar	297/0	295/0	297/0 293/0
May	298/6	295/0	298/6 293/0
Jly	282/0	281/0	282/6 279/0
Sep	286/0	285/0	287/0 284/0
Dec	295/4	295/0	

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low
Dec	42.17	41.80	42.40 41.95
Feb	41.25	40.57	41.70 41.17
Apr	38.72	38.15	39.17 38.70
Jun	41.95	41.57	42.30 41.90
Jly	42.12	41.87	42.40 42.07
Aug	40.95	40.75	41.30 40.95
Oct	38.60	38.30	38.75 38.60
Dec	38.85	38.50	39.00 38.85

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low
Dec	177/2	175/6	177/4 175/2
Mar	181/4	180/4	181/4 179/6
May	186/4	186/0	186/6 186/2
Jly	190/2	190/2	191/2 189/0
Sep	189/0	189/4	190/4 189/4
Dec	189/0	190/0	189/6 187/0
Mar	195/4	197/0	196/4 193/4

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low
Feb	54.00	54.50	54.70 53.90
Mar	53.92	54.52	54.50 53.90
May	55.20	55.40	55.85 55.00
Jly	55.60	55.60	55.75 55.35

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low
Nov	529/0	525/2	530/0 525/0
Jan	537/2	532/6	537/4 531/4
Mar	542/6	538/4	543/0 537/4
May	545/6	540/6	546/0 539/4
Jly	547/0	541/2	547/4 540/0
Aug	543/4	538/0	544/0 540/0
Sep	537/4	534/0	538/0 534/6
Nov	535/2	533/2	537/0 532/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low
Dec	62.22	62.07	62.60 62.07
Feb	59.75	59.67	60.20 59.65
Apr	62.35	61.70	62.50 61.82
Jun	62.30	61.72	62.65 61.75
Aug	60.80	60.65	61.20 60.60
Oct	59.70	59.40	60.10 59.50
Dec	61.10	60.80	61.20 61.00

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar sentiment stays weak

The dollar finished around the middle of the day's range, as the foreign exchanges paused before attacking levels of DM1.70 and Y135.

Dealers said these are the next targets for the market, but after the recent sharp fall there was a technical move to cover short positions yesterday. Trading was nervous and volatile, with the US currency fluctuating around DM1.71.

The dollar finished lower on the day. Its partial technical recovery was regarded as disappointing, and showed the level of bearish sentiment.

It was suggested the West German Bundesbank may cut its discount rate today, following Tuesday's move by the Dutch Central Bank and yesterday's reduction in UK bank base rates, but there was little hope this would provide any lasting support for the dollar.

Dealers were generally sceptical of official comments, including the White House statement that progress was being made in talks on cutting the budget deficit.

The dollar fell to DM1.7120 from DM1.7150; to Y137.15 from Y137.35; to FFr5.8250 from FFr5.83; and to SFr1.4120 from SFr1.4130.

On Bank of England figures the dollar's index declined to 97.8 from 98.1.

STERLING-Trading range against the dollar in 1987 is 1.7475to 1.4710. October average 1.6620. Exchange rate index rose 0.1. to 75.0, compared with 73.3 six months ago.

Sterling's strength and the weakness of the equity market were regarded as the main reasons behind the Bank of England's decision to allow a cut in UK bank base rates.

The reduction in rates had no impact however, and sterling continued to advance. The pound rose 60 points to $1.7470-1.7480, and also improved to DM2.9925 from DM2.9875; to Y239.75 from Y239.25; to FFr10.18 from FEr10.1525; and to SFr2.4675 from SFr2.46.

D-MARK-Trading range against the dollar in 1987 is 1.9305 to 1.7120. October average 1.8011. Exchange rate index 150.4 against 147.2 six months ago.

The D-Mark eased slightly against the dollar in Frankfurt. The US currency closed at DM1.7125, compared with DM1.7085.

The Bundesbank bought $100.6m when the dollar was fixed at DM1.7090, compared with a record low of DM1.7050 on Tuesday.

In Paris the Bank of France did not intervene when the D-Mark was fixed FFr3.4049, against DM3.4090. Earlier in the day Paris call money rose in a move to defend the franc.

There was speculation the Bundesbank may cut interest rates at today's central council meeting. Mr Gerhard Stoltenberg, West German Finance Minister, will attend, but there will not be a news conference afterwards, which may indicate the central bank is not expecting to cut its discount or Lombard rates.

JAPANESE YEN-Trading range against the dollar in 1987 is 159.45 to 137.05. October average 143.27. Exchange rate index 227.4 against 225.3 six months ago.

The yen was little changed in quiet Tokyo trading. Dealers were reluctant to put too much pressure on the dollar, for fear of provoking central bank intervention, but could also see no reason to buy the US currency.

Bank of Japan intervention was estimated at about $350m, and was regarded as merely a move to keep trading orderly, rather than stopping the dollar's fall.

The dollar closed at Y137.25 in Tokyo, compared with Y137.50 overnight in New York. Tokyo was closed on Tuesday for a national holiday, but on Monday the closing level was Y137.60.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Nov.4	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.1425	+1.61	+0.80	±1.5344
Danish Krone	7.85212	7.95445	+1.30	+0.49	±1.6404
German D-Mark	2.05853	2.06200	+0.17	-0.64	±1.0981
French Franc	6.90403	7.02190	+1.71	+0.90	±1.3674
Dutch Guilder	2.31943	2.31917	-0.01	-0.82	±1.5012
Irish Punt	0.768411	0.775580	+0.93	+0.12	±1.6684
Italian Lira	1483.58	1522.04	+2.59	+1.94	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Nov.4	Latest	Previous Close
£ Spot	1.7485-1.7495	1.7415-1.7425
1 month	0.32-0.30pm	0.35-0.33pm
3 months	0.68-0.64pm	0.66-0.61pm
12 months	1.85-1.75pm	1.65-1.57pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

[illegible]

POUND SPOT- FORWARD AGAINST THE POUND

Nov.4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7395-1.7530	1.7470-1.7480	0.37-0.34cpm	[illegible]	[illegible]	[illegible]
Canada	2.3053-2.3155	2.3110-2.3120	0.20-0.10cpm	[illegible]	[illegible]	[illegible]
Netherlands	3.35¼-3.36½	3.35¼-3.36¼	1⅞-1½cpm	[illegible]	[illegible]	[illegible]
Belgium	62.30-62.60	62.50-62.60	16-12cpm	[illegible]	[illegible]	[illegible]
Denmark	11.50¼-11.55¼	11.52¼-11.53¼	¾-1¼oredis	[illegible]	[illegible]	[illegible]
Ireland	1.1204-1.1287	1.1235-1.1245	0.04p-0.04pdis	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY RATES

[illegible]

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

[illegible]

CURRENCY MOVEMENTS

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

OTHER CURRENCIES

	£	$
[illegible]	[illegible]	[illegible]
Malaysia	4.3615-4.3725	2.5035-2.5055
Mexico	2888.05-2893.20	1656.00-1658.00
N. Zealand	2.8425-2.8525	1.6240-1.6285
Saudi Ar.	6.5325-6.5380	3.7500-3.7510
Singapore	3.5835-3.5910	2.0580-2.0590
S. Af (Cm)	3.4785-3.4855	1.9950-1.9990
S. Af (Fn)	5.9105-6.1160	3.3900-3.5000
Taiwan	52.15-52.40	29.90-30.00
U.A.E.	6.3970-6.4050	3.6725-3.6735

*Selling rate

EXCHANGE CROSS RATES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	0.982	1.717	2.940	235.5	10.	[illegible]
S Fr.	0.405	0.708	1.215	97.16	14.12	[illegible]
H Fl.	0.297	0.520	0.890	71.30	3.025	[illegible]
Lira	0.453	0.792	1.356	108.7	4.614	[illegible]
C $	0.433	0.756	1.295	103.7	4.404	[illegible]
B Fr.	1.599	2.794	4.784	383.3	16.27	[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Gilts up after rate cut

Gilt prices recovered from early lows in the London International Financial Futures Exchange yesterday to finish only slightly down on the day. Early in the day sentimemnt had been affected by comments made by Mr Nigel Lawson, Chancellor of the Exchequer, to the effect that the market should not be too impatient for another cut in base rates.

However a few hours later base rates had been cut and dealers suggested that a continued decline in equity values together with sterling's firmer trend prompted a change in the authorities' timetable.

The December price opened at 121-31 up from 121-21 on Tuesday and sank to a low of 121-07 before recovering to close at 122-12.

Three-month sterling deposits finished close to the day's highs, following a cut in UK clearing bank base rates to 9 p.c. from 9½ p.c. Early trading had seen a good deal of profit taking and after opening at 91.13 for December delivery, the price fell to a low of 91.01 before bouncing back to a high of 91.28. It closed at 91.27, up from 91.07 on Tuesday night.

Trading was rather confused in the afternoon, mainly because the market had been caught a little off balance by the sudden reduction in interest rates.

US Treasury bonds showed a firmer tendency during the day,helped by a further decline in equity markets.

The December price opened at 88-04 up from 87-10 on Tuesday and traded between a low of 88-01 and a high of 89-01 before finishing at 88-28.

A further fall in equities saw the December FT-SE price fall sharply to 160.05 from 164.30 on Tuesday.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-Last Dec	Calls-Last Mar	Puts-Last Dec	Puts-Last Mar
106	16.24	16.21	0.00	0.00
108	14.24	14.25	0.00	0.07
110	12.24	12.32	0.00	0.14
112	10.24	10.42	0.00	0.24
114	8.25	8.59	0.01	0.41
116	6.28	7.20	0.04	1.02
118	4.39	5.55	0.15	1.37
120	3.00	4.37	0.40	2.19

Estimated volume total, Calls 4620 Puts 2023
Previous day's open int: Calls 40819 Puts 30523

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-Last Dec	Calls-Last Mar	Puts-Last Dec	Puts-Last Mar
70	18.56	17.61	0.00	0.03
72	16.56	16.00	0.00	0.06
74	14.56	14.06	0.00	0.12
76	12.57	12.16	0.01	0.22
78	10.58	10.31	0.02	0.37
80	8.59	8.53	0.02	0.59
82	7.00	7.19	0.08	1.25
84	5.10	5.59	0.18	2.01

Estimated volume total, Calls 150 Puts 20
Previous day's open int: Calls 2524 Puts 2094

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls-Last Nov	Calls-Last Dec	Puts-Last Nov	Puts-Last Dec
17000	2.26	5.47	12.21	15.42
17250	1.73	4.73	14.18	17.18
17500	1.30	4.07	16.25	19.02
17750	0.97	3.49	18.42	20.94
18000	0.71	2.98	20.66	22.93
18250	0.51	2.54	22.96	24.99
18500	0.36	2.15	25.31	27.10
18750	0.26	1.81	27.71	29.26

Estimated volume total, Calls 7 Puts 2
Previous day's open int: Calls 84 Puts 180

LIFFE £/$ OPTIONS

[illegible]

LIFFE $/DM OPTIONS

[illegible]

PHILADELPHIA SE £/$ OPTIONS

[illegible]

LIFFE- EURODOLLAR OPTIONS

[illegible]

LONDON

[illegible]

CHICAGO

[illegible]

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Dec	0.7115	0.7156	0.7094	0.7117
Mar	0.7184	0.7226	0.7165	0.7188
Jun	0.7240	0.7300	0.7230	0.7260
Sep	0	0	0	0.7340

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Dec	249.90	251.00	247.25	250.15
Mar	251.00	252.00	248.50	251.50
Jun	0	253.80	251.00	253.50
Sep	0	257.20	254.40	256.95

CURRENCY FUTURES

[illegible]

MONEY MARKETS

Base rates 9 p.c.

UK CLEARING BANK base rates were cut by half a point to 9 p.c. yesterday, following a lead from the Bank of England to lend money to the discount market at 9 p.c.

The authorities had already been facing problems in servicing the day to day deficit because bill rates had fallen to well below the Bank's official dealing rates.

Market rates had been pointing towards a cut for some time but there had been uncertainty as to whether the authorities would sanction another cut so soon after the last one. However with sterling continuing to improve and equity markets taking another nose dive, events may have forced the Bank's hand.

UK clearing bank base lending rate 9 per cent from November 5

Interest rates were flat from one week out to one year after the cut at 9⅛-9 p.c. compared with 9¼-9⅛ p.c. Overnight money traded between 10 p.c. and 6 p.c.

The Bank forecast a shortage of around £1,100m with factors affecting the market including the repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £213m and the unwinding of previous sale and repurchase agreements accounting for a further £708m. Exchequer transactions drained £75m and there was a rise in the note circulation of £100m. In addition banks brought forward balances £20m below target.

To help alleviate the shortage, the Bank offered an early round of assistance but the apparent gap between the Bank's dealing rates and prevailing market rates meant that no business was conducted.

A revision took the forecast to a shortage of around £1,150m and the Bank gave assistance in the morning of £291m, £15m of which were outright through purchases of eligible bank bills in band 1 at 9⅜ p.c. and sale and repurchase agreements on £276m of bills at 9⁷⁄₁₆ p.c., unwinding on November 23.

After another revision in the shortage to around £1,050m; the Bank offered to lend money at 2.30 pm at 9 p.c. which resulted in loans at that rate of £625m and outright purchases of £36m of eligible bank bills in band 1 8⅞ p.c., bringing its intervention rate into line with the cut in base rates. Total help came to £952m.

In Paris call money rose quite sharply to 8⁵⁄₁₆ p.c. from 7⅞ p.c. on Tuesday after the repayment of temporary loans made earlier in the week. There was growing concern about the performance of the French franc.

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

Company Notices

WESTERN DEEP LEVELS LIMITED

(Incorporated in the Republic of South Africa)
Registration No. 57/02349/06

NOTICE TO HOLDERS OF 12 PER CENT UNSECURED DEBENTURES 1986-1993 INTEREST PAYMENT No. 15

Notice is hereby given that in respect of the interest on the debentures for the period July 1 1987 to December 31 1987, warrants bearing the latter date will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about Thursday, December 17 1987 to debenture holders registered at the close of business on Friday, November 20 1987. For that purpose the transfer registers and registers of debenture holders will be closed from Saturday, November 21 to Saturday, December 5 1987, both days inclusive. Registered debenture holders paid by the United Kingdom Registrars will receive their interest in United Kingdom currency converted at the rate of exchange applicable on Monday, November 23 1987. Any such debenture holders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the transfer secretaries in Johannesburg or in the United Kingdom on or before Friday, November 20 1987.

In terms of the Republic of South Africa Income Tax Act, 1962, as amended, a withholding tax at the rate of 10 per cent will be deducted by the company, where applicable, from the interest payable to those debenture holders whose addresses in the registers of debenture holders are outside the Republic of South Africa. Interest amounting to R20 or less accruing in any one year is exempt from the tax.

By order of the board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per J. H. Perry
Companies Secretary

Transfer Secretaries
Consolidated Share Registrars Limited
First Floor, Edura
40 Commissioner Street
Johannesburg 2001
(P.O. Box 61051
Marshalltown 2107)
and
Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

Registered Office
44 Main Street
Johannesburg 2001
(P.O. Box 61587
Marshalltown 2107)

London Office
40 Holborn Viaduct
London EC1P 1AJ

Johannesburg
November 5 1987

DIAMOND CAPITAL LTD.

Registered Office:
80, Broad Street, Monrovia, Liberia

NOTICE TO THE SHAREHOLDERS

At a meeting of shareholders held on 25th September, 1987 at St Helier, Jersey (Channel Islands), it was decided to amend the Articles of Incorporation to provide for a new class of C shares and to permit C shares to be exchanged for the present issued A shares. It is pointed out that C shares have equivalent rights as former A shares with respect to dividend and distribution of assets out of surplus or upon liquidation.

Upon the surrender of A shares certificates, a corresponding number of C shares will be delivered and US dollars 400 per share, representing a return of capital, will be paid. Crédit Européen, 52, route d'Esch, Luxembourg, will perform the above exchange and payment.

Company Notices

EAST RAND GOLD AND URANIUM COMPANY LIMITED

(Incorporated in the Republic of South Africa)
Registration No. 71/07001/06

NOTICE TO HOLDERS OF 15.5 PER CENT UNSECURED CONVERTIBLE DEBENTURES 1988-1991—INTEREST PAYMENT No. 7

Notice is hereby given that in respect of the interest on the debentures for the period July 1 1987 to December 31 1987, warrants bearing the latter date will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about Thursday, December 17 1987 to debenture holders registered at the close of business on Friday, November 20 1987. For that purpose the transfer registers and registers of debenture holders will be closed from Saturday, November 21 to Saturday, December 5 1987, both days inclusive.

Registered debenture holders paid by the United Kingdom Registrars will receive their interest in United Kingdom currency converted at the rate of exchange applicable on Monday, November 23 1987. Any such debenture holders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the transfer secretaries in Johannesburg or in the United Kingdom on or before Friday, November 20 1987.

In terms of the Republic of South Africa Income Tax Act, 1962, as amended, a witholding tax at the rate of 10 per cent will be deducted by the company, where applicable, from the interest payable to those debenture holders whose addresses in the registers of debenture holders are outside the Republic of South Africa. Interest amounting to R20 or less accruing in any one year is exempt from the tax.

By order of the board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per H. E. Phillips,
Divisional Secretary

Transfer Secretaries
Consolidated Share Registrars Limited
First Floor, Edura
40 Commissioner Street
Johannesburg 2001
(PO Box 61051
Marshalltown 2107)
and
Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

Registered Office
44 Main Street
Johannesburg 2001
(P.O. Box 61587
Marshalltown 2107)

London Office
40 Holborn Viaduct
London EC1P 1AJ

Johannesburg
November 5 1987

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY NOVEMBER 3 1987					MONDAY NOVEMBER 2 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (90)	100.94	−1.2	85.93	100.23	3.98	102.12	87.07	100.15	180.81	97.40	91.12
Austria (16)	96.65	+0.5	82.28	85.75	2.41	96.16	81.98	85.90	102.87	85.53	92.33
Belgium (48)	102.77	+0.1	87.49	91.37	5.18	102.72	87.57	91.57	134.89	96.19	89.81
Canada (128)	104.01	−2.9	88.55	99.60	3.02	107.11	91.32	101.96	141.78	98.15	99.50
Denmark (38)	108.03	−0.9	91.97	97.38	3.04	108.97	92.90	98.11	124.83	98.18	94.79
France (121)	86.34	−1.5	73.50	78.96	3.48	87.68	74.75	79.84	121.82	79.10	92.63
West Germany (93)	81.22	−1.4	69.15	72.42	2.63	82.38	70.23	73.32	104.93	77.58	92.29
Hong Kong (46)	83.52	−1.3	71.10	83.76	5.77	84.63	72.15	84.86	158.68	83.52	87.97
Ireland (14)	108.03	−4.1	91.97	98.43	4.60	112.60	95.99	102.09	160.22	99.50	85.91
Italy (95)	77.84	−1.6	66.27	73.65	2.60	79.10	67.44	74.52	112.11	76.66	100.80
Japan (458)	138.82	−0.2	118.18	120.53	0.57	139.13	118.61	120.53	161.28	100.00	86.25
Malaysia (36)	112.58	+0.8	95.84	108.61	3.35	111.64	95.18	107.86	193.64	98.24	105.58
Mexico (14)	241.26	+0.0	205.39	434.05	0.69	241.18	205.62	434.05	422.59	99.72	84.48
Netherland (37)	96.05	−3.3	81.77	84.94	5.30	99.36	84.71	87.39	131.41	94.77	93.53
New Zealand (23)	85.05	−1.7	72.41	74.82	3.98	86.52	73.76	76.58	138.99	83.93	89.11
Norway (24)	126.59	−1.6	107.77	111.47	2.44	128.68	109.71	113.62	185.01	100.00	101.82
Singapore (27)	102.56	+0.8	87.31	97.29	2.45	101.71	86.71	96.81	174.28	90.19	105.71
South Africa (61)	129.56	−1.7	110.30	97.69	4.22	131.87	112.42	101.17	198.09	100.00	95.37
Spain (43)	131.04	+0.1	111.56	113.52	3.56	130.87	111.57	113.57	168.81	100.00	88.50
Sweden (34)	103.33	−2.5	87.97	94.15	2.44	106.00	90.37	96.43	136.64	90.85	102.48
Switzerland (53)	84.46	−2.9	71.90	73.99	2.25	86.94	74.12	76.27	111.11	80.90	90.87
United Kingdom (333)	118.12	−3.6	100.55	100.55	4.53	122.55	104.48	104.48	162.87	99.65	93.37
USA (583)	102.30	−1.9	87.09	102.30	3.58	104.29	88.91	104.29	137.42	92.83	102.42
Europe (949)	99.59	−2.6	84.79	87.41	3.82	102.21	87.14	89.66	130.02	97.63	93.59
Pacific Basin (680)	135.36	−0.3	115.24	118.49	0.77	135.72	115.71	118.52	158.77	100.00	86.59
Euro–Pacific (1629)	121.09	−1.0	103.08	106.08	1.78	122.35	104.31	107.00	143.65	100.00	89.36
North America (711)	102.39	−2.0	87.17	102.17	3.55	104.44	89.04	104.18	137.55	93.20	102.26
Europe Ex. UK (616)	88.11	−1.6	75.02	79.33	3.23	89.59	76.38	80.49	111.97	84.82	93.75
Pacific Ex. Japan (222)	93.56	−1.1	79.66	92.10	4.43	94.59	80.65	92.55	164.03	91.55	90.87
World Ex. US (1832)	120.66	−1.1	102.72	105.97	1.85	122.00	104.01	106.97	143.38	100.00	89.78
World Ex. UK (2082)	113.11	−1.1	96.29	105.26	2.23	114.42	97.55	106.33	138.82	100.00	94.84
World Ex. So. Af. (2354)	113.43	−1.4	96.56	104.78	2.43	115.02	98.06	106.12	139.47	100.00	94.69
World Ex. Japan (1957)	101.43	−2.1	86.35	96.72	3.68	103.64	88.36	98.79	134.22	96.44	98.76
The World Index (2415)	113.53	−1.4	96.65	104.76	2.45	115.12	98.15	106.11	139.73	100.00	94.70

Base values: Dec 31, 1986 = 100

Mexican and Japanese markets closed for public holidays on November 2 and 3 respectively.New York market closed at 14.30 hrs local time.
Latest prices were unavailable for this edition.

EUROPEAN OPTIONS EXCHANGE

Series		Nov 87 Vol.	Nov 87 Last	Feb 88 Vol.	Feb 88 Last	May 88 Vol.	May 88 Last	Stock
GOLD C	$440	32	27.20	—	—	—	—	$466.20
GOLD C	$460	111	13.50B	4	32A	—	—	"
GOLD C	$480	42	3.60B	2	20.50B	—	—	"
GOLD C	$500	124	2	102	13.50	151	24A	"
GOLD C	$520	2	0.80	180	8.50	12	19A	"
GOLD P	$400	—	—	30	2.60	—	—	"
GOLD P	$420	—	—	140	6.20	105	7.50	"
GOLD P	$440	15	2	65	9.50B	23	14	"
GOLD P	$480	3	19	64	25	—	—	"
GOLD P	$500	—	—	192	36	100	40	"
		Nov. 87		Dec. 87		Jan. 88		
$/Fl C	Fl.190	—	—	105	4.70	2	5.70	Fl.192.65
$/Fl C	Fl.195	15	1.40	120	2.75	89	3.40	"
$/Fl C	Fl.205	3	0.30	10	0.75	—	—	"
$/Fl P	Fl.185	5	1	49	1.70	21	2.50	"
$/Fl P	Fl.190	87	1.70A	171	2.70	51	3.80A	"
$/Fl P	Fl.195	103	3.70	277	5.20	16	6.90	"
		Mar. 88		June 88		Sept. 88		
$/Fl C	Fl.190	1	6.30	—	—	—	—	Fl.192.65
$/Fl C	Fl.195	197	4.50	1	5.30	4	6	"
$/Fl C	Fl.205	42	1.50	39	2.70	—	—	"
$/Fl P	Fl.185	31	4A	—	—	—	—	"
$/Fl P	Fl.190	70	6	—	—	—	—	"
$/Fl P	Fl.195	21	8.20	60	10.50	6	12.70	"
		Jan. 88		Apr. 88		Jul. 88		
ABN C	Fl.40	320	2.20	71	3.50	27	3.50	Fl.36.70
ABN P	Fl.44	366	9.50	—	—	—	—	"
AEGON C	Fl.60	72	3.50	—	—	—	—	Fl.54.50
AEGON P	Fl.95	50	40.50B	4	42.50B	—	—	"
AHOLD P	Fl.65	35	8.20B	—	—	—	—	Fl.60.50
AKZO C	Fl.120	691	3.20	37	6.40	8	7.90	Fl.93
AKZO P	Fl.100	684	14.50	31	18A	22	20	"
AMEV C	Fl.50	233	1.20	4	2.50	—	—	Fl.38.30
AMEV P	Fl.35	66	3	—	—	106	4.30	"
AMRO C	Fl.60	55	4.50	29	6	—	—	Fl.61.30
AMRO P	Fl.60	116	3.10	5	4.60	—	—	"
ELSEVIER C	Fl.50	2	1.10	238	1.80	—	—	Fl.36.30
ELSEVIER P	Fl.55	16	20	30	21	72	19B	"
GIST-BROC. C	Fl.30	54	5.20	—	—	—	—	Fl.31.90
GIST-BROC. P	Fl.45	171	14	5	14.50B	1	15.50B	"
HEINEKEN C	Fl.140	79	5.80	16	8.50	—	—	Fl.121.90
HEINEKEN P	Fl.110	58	8	1	10	—	—	"
HOOGOVENS C	Fl.40	74	1	12	2.40	—	—	Fl.28.80
HOOGOVENS P	Fl.30	168	4.30B	18	5A	3	5.50	"
KLM C	Fl.35	475	2.70	221	4.50	8	5.20	Fl.31.90
KLM P	Fl.30	202	3.30	3	3.50B	—	—	"
NEDLLOYD C	Fl.170	34	2.70	—	—	—	—	Fl.117
NEDLLOYD P	Fl.120	136	12.40	—	—	4	14B	"
NAT NED C	Fl.50	731	4.30	3	4.50	2	5.70	Fl.46.50
NAT NED P	Fl.70	119	25.50A	19	25.50A	10	24.50	"
PHILIPS C	Fl.30	327	3.60	52	4.50	65	5.80	Fl.30.50
PHILIPS P	Fl.30	505	3.40B	270	4.10B	45	4.70	"
ROYAL DUTCH C	Fl.240	580	3.20	37	6.30B	70	9	Fl.201
ROYAL DUTCH P	Fl.200	595	13	74	17	15	19.10	"
ROBECO C	Fl.85	68	4.90	—	—	—	—	Fl.81.80
ROBECO P	Fl.90	97	11	26	13.50	—	—	"
UNILEVER C	Fl.112	310	5	—	—	—	—	Fl.101.50
UNILEVER P	Fl.90	429	6.50	22	8	4	12B	"

TOTAL VOLUME IN CONTRACTS: 44,495

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	9	● Charterhouse Bank	9½	Nat Bk. of Kuwait	9
Adam & Company	9½	Citibank NA	9	NatWestminster	9
Allied Arab Bk Ltd	9½	City Merchants Bank	9½	Northern Bank Ltd	9
Allied Dunbar & Co	9½	Clydesdale Bank	9	Norwich Gen. Trust	9½
Allied Irish Bank	9½	Comm. Bk. N. East	9½	PK Finans. Intl (UK)	10
American Exp. Bk	9	Consolidated Cred	9	Provincial Trust Ltd	10½
Amro Bank	9	Co-operative Bank	* 9	R. Raphael & Sons	9½
Henry Ansbacher	9½	Cyprus Popular Bk	9½	Roxburghe G'antee	10½
ANZ Banking Group	9½	Duncan Lawrie	9½	Royal Bk of Scotland	9
Associates Cap Corp	10	Equat'r'l Tst C'p plc	9½	Royal Trust Bank	9½
Authority & Co Ltd	9½	Exeter Trust Ltd	9½	Smith Williamson Secs	9½
Banco de Bilbao	9½	Financial & Gen. Sec	9½	Standard Chartered	9½
Bank Hapoalim	9½	First Nat. Fin. Corp	10½	TSB	9
Bank Leumi (UK)	9½	First Nat. Sec. Ltd	10½	UDT Mortgage Exp	¶11.1
Bank Credit & Comm	9½	● Robert Fleming & Co	9½	United Bk of Kuwait	9
Bank of Cyprus	9½	Robert Fraser & Ptrs	10½	United Mizrahi Bank	9
Bank of Ireland	9½	Girobank	9½	Unity Trust PLC	9½
Bank of India	9½	Grindlays Bank	9½	Western Trust	10
Bank of Scotland	9½	● Guinness Mahon	9½	Westpac Bank. Corp	9½
Banque Belge Ltd	9½	HFC Trust & Savings	9	Whiteaway Laidlaw	9½
Barclays Bank	9	● Hambro Bank	9½	Yorkshire Bank	9
Benchmark Tst Ltd	9½	Heritable & Gen. Tst	9½		
Beneficial Trust Ltd	11	● Hill Samuel	§ 9½		
Berliner Bank AG	9½	C. Hoare & Co	9½		
Brit Bk of Mid East	9	Hongkong & Shangh	9		
● Brown Shipley	9½	Lloyds Bank	9½		
Business Mtge Tst	9	Meghraj & Sons Ltd	9		
CL Bank Nederland	9	Midland Bank	9		
Central Capital	9½	● Morgan Grenfell	9		
Cayzer Ltd	9½	Mt Credit Cpn Ltd	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5%. Savewise 7.66%. Top Tier—£2,500+ at 3 months' notice 9.31%. At call when £10,000+ remains deposited. ¶ Mortgage base rate. § Demand deposit 4.49%. Mortgage 11.125%.

FT CROSSWORD PUZZLE No 6,474

VIXEN

ACROSS

1 The way an engineer sees the position (6)
4 Little beast about to publicise match (4, 2)
8 Meadowland beyond the river (7)
9 Shiftless guy turning colour about the rent demanded (7)
11 Development may entail tearing one out (10)
12 Opposed to cutting assistance, though really keen (4)
13 A music man will find a piece of music played staccato stimulating (5)
14 To fix a washer round the end is such a bloomer! (8)
16 Got back with winnings in a rush (8)
18 "To hear the lark begin his *flight*, and *singing startle* the dull —" Milton (L'Allegro) (5)
20 The employer has to make sure (4)
21 Praiseworthy line taken about revolutionary article (10)
23 Magazine requiring team effort? (7)
24 Splendid stock (7)
25 Dislike getting tenser maybe (6)
26 Combine to lay a complaint against the French (6)

DOWN

1 Save extra (5)
2 The player will find a number lock (7)
3 Flower seen by people *travelling on the highway?* (9)
5 An imprisoning for offering protection (5)
6 Shower after the umpire or do without (7)
7 A top man's pride sent crashing (9)
10 The underworld boss stayed put out (9)
13 The person with money has got more confident following rate adjustment (9)
15 Few signify—clear? (9)
17 A pound in rises negotiated, or close (7)
19 Irritating an old monarch with silver-plated tin (7)
21 A measure to make tea popular (5)
22 Let the trainee rest (5)

Solution to Puzzle No 6,473

DEADHEAT TITBIT
I N O G M O O
RICOCHET SPAWNS
E E K L A A E S
COSTS EAVESDROP
T T S E S O
CRISIS RAIMENT
P A P V X S
LULLABY CHEEPS
Y G A E O M
MISSHAPEN HOURI
O U E S S A N R
UPPITY OUTSIDER
T E T R T E O
HARRIS DEFENDER

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd —Contd.

Gilt	92.6	93.0	-1.5	7.24
(Accum Units)	110.2	120.7	-1.7	7.24
Global Fund	39.0	41.2	-1.1	0.82
(Accum Units)	39.0	41.2	-1.1	0.82
High Income Fund	41.3	43.7xd	-0.8	5.48
(Accum Units)	42.4	44.8xd	-0.9	5.48
High Interest Fund	45.4	48.0xd	-1.3	9.05
(Accum Units)	46.9	49.6xd	-1.2	9.05
Income	91.7	97.0	-5.6	4.34
(Accum Units)	106.0	112.1	-6.5	4.34
International	240.2	254.1	-4.6	2.59
(Accum Units)	301.1	318.6	-8.2	2.59
Japan	172.9	182.9	-4.5	0.46
(Accum Units)	177.5	187.8	-4.6	0.46
Pacific Fund	32.9	35.0	+0.1	0.18
(Accum Units)	33.9	35.8	+0.1	0.18
Recovery	237.8	250.4xd	-17.3	3.13
(Accum Units)	238.6	252.4xd	-18.0	3.13
UK Smaller Co's Fund	41.7	43.5	-2.7	2.15
(Accum Units)	41.7	44.1	-2.5	2.15

Merlin Fund Mangmt Ltd
30 St James St, London SW1A 1HB 01-925 1277

Merlin Nov 4	459.5	446.05	+71.0	1.51

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ 0707 49184

UK Income Fund	50.1	53.2	-2.4	5.64
Accum Units	50.6	53.8	-2.4	5.58
UK Growth Fund Acc	44.8	47.6	-1.6	2.10
Global Income Fund	43.1	45.8	-0.6	4.37
Accum Units	43.1	45.8	-0.6	4.37
Global Growth Fund	34.0	36.2	-1.3	0.65

Midland Bank Group UT Mngrs. Ltd.
Courtwood House, Silver St, Head, Sheffield S1 3RD
Tel: 0742 769842

Capital	88.5	94.08	-0.5	1.63
(Accum Units)	122.4	130.1	-11.8	1.63
Commodity & Gen	137.1	145.8xd	-4.9	1.86
(Accum Units)	197.5	209.5	-3.8	1.86
European Growth	101.9	108.2	-1.3	1.29
(Accum Units)	122.9	130.6	-1.6	1.29
Extra High Inc	62.9	66.8xd	-2.2	7.46
(Accum Units)	78.2	83.0	-2.8	7.46
Gilt & Fxd. Int	55.0	57.5	+0.2	8.15
(Accum Units)	97.7	102.1	+0.5	8.15
High Yield	171.4	181.9xd	-9.1	5.31

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

PM Equity Growth	92.7	97.69	-7.3	1.29
PM Income and Growth	81.8	87.1	-5.3	3.74
PM N American Growth	41.1	43.7	-1.4	0.45
PM European Growth	46.5	49.0	-0.8	0.21
PM Japan Growth	60.6	64.4	-3.4	0.41
PM Overseas Growth	42.8	45.5	-1.2	0.95

Prudential Holborn Unit Trusts Ltd(a) (b) (c)
51-69 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn LinkLine 0800 010345

Holborn Comm Tst	59.9	63.7	—	0.48
Holborn Equity Income	59.4	63.8	—	4.03
Holborn Equity Tst	437.1	469.9xd	—	2.87
Holborn European Tst	92.5	98.9	—	0.84
Holborn High Inc Tst	75.5	80.9xd	—	5.52
Holborn Intl Grth Tst	93.9	100.9	—	0.86
Holborn Intl Sm Co	39.1	42.0	—	0.06
Holborn Japanese Tst	117.6	126.4	—	0.05
Holborn N. Amer Tst	65.4	72.2	—	0.67
Holborn Premier Inc	41.2	44.2	—	7.55
Holborn Sm Cos Tst	62.2	66.8xd	—	1.74
Holborn Spec Sits Tst	75.8	82.4	—	2.79
Holborn UK Growth Tst	82.4	88.4	—	2.32

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd	522.6	555.2xd	—	1.75
Quadrant Income	273.1	289.0	—	4.58
Quadrant Intl. Fund	331.2	350.5	—	1.43
Quadrant Spec. Sits	352.0	372.5	—	1.56

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 510033

British Life	122.1	121.9xd	-22.6	3.52
Reliance Unit Tst Inc	118.0	126.4xd	-18.3	2.10
Reliance Ut Tst (Acc)	159.7	169.8	-34.0	2.10

Roxbury Fund Managers
Silkhouse Ct., Tithebarn St, Liverpool 051-227 2030

Internal. Growth Trust	37.6	41.01	—	—

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 01-626 4356

NC America (Inc)	234.0	248.9	-7.9	0.95

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INSURANCES

[illegible]

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance Co —Contd.

Gilt-Edged Ind.	236.5		—	—
Do. Accum.	292.7		—	—
Guaranteed Ind.	159.9		—	—
Do. Accum.	197.9		—	—
International Ind.	358.9		—	—
Do. Accum.	443.8		—	—
Index Lk. Gilt Ind.	127.7		—	—
Do. Accum.	158.0		—	—

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property	332.4	+0.7	—
Property Pens.	453.9	+1.1	—
Equity	256.6	−4.0	—
Equity Pens.	643.4	−24.3	—
Money Market	311.0	+1.6	—
Money Mkt. Pens.	542.4	+2.9	—
Deposit	241.2	+0.0	—
Deposit Pens.	380.0	+0.1	—
Managed	254.7	−6.2	—
Managed Pens.	471.7	−15.0	—
Intl. Equity	264.7	−7.2	—
Do. Pens.	412.6	−11.6	—
Intl. Managed	252.7	−6.0	—
Do. Pens.	360.6	−9.4	—
North American	104.5	−2.4	—
Do. Pens.	116.4	−2.7	—
Far East	198.7	−6.1	—
Do. Pens.	288.6	−8.9	—
Intnl. Currency	162.3	−1.0	—
Do. Pens.	214.3	−1.3	—
Index Linked	122.7	+1.5	—
S & C Managed Fd	110.3	−1.7	—
S & C Pens Mngd Fd	85.8	−2.0	—
Bell Chambers	110.6	−1.6	—
Lucas & Loran	120.0	−3.4	—
Milan Mngd Fd	157.5	−0.4	—

Trustlink Life Funds

Per Worldwide Rec.	122.0	−3.8	—
Per Far East Growth	141.6	−4.4	—
Per Intl Growth	120.8	−3.7	—
Per Income	137.0	−4.0	—
Per Emerging Co's	108.9	−3.4	—
Per American Growth	106.1	−3.3	—
Per European Growth	100.1	−3.0	—
Fra American & Gen.	79.2	−1.1	—
Fra Capital	145.9	−6.0	—
Fra Income	158.9	−3.0	—
Fra Intl Growth	95.6	−4.0	—
Fra Japan & Gen.	149.5	−2.9	—
Fra Recovery	144.9	−3.1	—
Fra Convertible & Gilt	125.5	−4.3	—

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 1JS 0603 683906

NUAM Funds

Managed Fund	47.1	49.6	−1.8	—
Stock Market Mngd Fund	44.4	46.8	−2.3	—
Equity Fund	47.5	50.0	−3.5	—
International Fund	42.2	44.5	−0.8	—
European Fund	44.1	46.5	−1.1	—
North American Fund	37.6	39.6	−0.7	—
Pacific Fund	51.3	54.0	−1.4	—
Property Fund	51.6	54.5	—	—
Fixed Interest Funds	51.1	53.8	+0.2	—
Index linked Sec Fund	46.2	48.7	+1.2	—
Deposit Fund	51.9	54.7	+0.1	—

NUAM Retirement Plan

Mixed Fund	49.0	51.6	−1.1	—
UK Ordinary Share	53.9	56.8	−2.0	—
International Fund	42.0	44.3	−0.7	—
Property Fund	53.2	56.1	—	—
Fixed Interest Fund	53.1	55.9	+0.5	—
Index Linked Sec Fund	45.6	48.0	+0.4	—
Deposit Fund	54.0	56.9	—	—

NUAM (NP)

Managed Fund	639.6	673.3	−22.3	—
Equity Fund	1233.5	1298.5	−83.8	—
Property Fund	333.9	351.5	—	—
Fixed Interest Fund	376.1	395.9	+1.4	—
Deposit Fund	221.9	233.1	+0.1	—
International Fund	209.6	215.4	−2.2	—
Index Linked Sec Fund	46.3	48.8	−1.3	—

Norwich Union Life Insurance Soc.
PO Box 4, Norwich NR1 3NG 0603 622200

Pensionmaster & Unit-Linked Plan

Fixed Interest Fund	265.3	279.2	+2.7	—
Index-Linked Sec Fund	129.1	135.8	+0.3	—
Ordinary Share Fund	391.8	412.4	−18.3	—
International Fund	107.7	113.3	−0.7	—
Property Fund	165.2	173.8	+0.1	—
Deposit Fund	169.4	178.3	+0.1	—
Mixed Fund	272.2	286.5	−6.5	—
Norwich Units Oct 15		1047.9	—	

*Prices as at October 30.

Pearl Assurance (Unit Funds) Ltd
252 High Holborn, London WC1V 7EB 01-405 8441

Prop. Dist. (Gross)(z)	153.9	162.0	—	—
Prop. Acc. (Gross) (z)	249.4	262.6	+0.1	—
Equity (Gross) (z)	580.7	611.3	−11.1	—
Managed (Gross) (z)	425.0	447.4	−5.8	—
Prop. Acc. (Net) (z)	115.0	121.1	—	—
Equity (Net) (z)	138.2	145.5	−2.0	—

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS—Contd

Undated

1987 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
45¾	39⅞	Consols 4pc	44¾	+¼	9.00	—
41	34⅞	War Loan 3½pc‡‡	40½xd	+½	8.70	—
51	46	Conv. 3½pc '61 Aft.	51	+¼	6.88	—
34	27	Treas. 3pc '66 Aft.	33	+½	9.11	—
28	24	Consols 2½pc	28	+	8.74	—
28¼	24	Treas. 2½pc	28	+	8.79	—

Index-Linked

(b) (1) (2)

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for February 1987: 100.4 and for September 1987: 102.4 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
39	21¼	Rep NY Corpn $5	23¾	−1	$1.16	—	2.9
18¼	8¼	Rockwell Intl $1	11½	+⅛	66c	—	3.3
30⅝	16¼	Sara Lee $1	22xd	−⅝	$1.00	—	2.6
11⅝	8⅞	Saul (B. F.) $1	9⅝	−¼	20c	—	1.2
27½	2¼	Southwestern Bell $1	22	−½	h$2.32	—	6.1
22⅞	11¼	Staley Continental	11¼	−⅛	80c	—	4.1
44⅝	21⅝	Sun Co. Inc. $1	30⅜	−½	$3.00	—	5.6
42¼	26	TRW Inc. $0.625	27½	−⅜	h$1.60	—	3.3
37⅝	22⅞	Tenneco $5	24⅝xd	−⅜	$3.04	—	7.2
220	149½	Do. 10pcLn.Stk. 91-5	150xd	....	10%	—	14.7
29⅝	16⅝	Texaco $6.25	17¼xd	−1⅜	$3.00	—	9.7
74⅜	43⅞	Time Inc. $1	45⅝xd	−1¼	$1.00	—	1.3
20⅞	11	Tracor $0.33	17¼xd	−⅞	40c	—	1.3
30⅛	15⅜	Transamerica $1	18⅜xd	+½	$1.84	—	5.7
14⅝	1¼	Transworld Corp $5	780p	−16	20c	—	1.5
27⅝	12¼	TRINOVA Corp.	15¼	−1¼	56c	—	2.1
24⅜	12⅞	USX $1	15⅛	−½	$1.20	—	4.5
19⅝	10⅞	Union Carbide $1	12½xd	−¼	$1.50	—	7.0
37⅝	19⅞	Utd. Technologies	20½xd	−⅜	$1.40	—	3.9
38⅝	26½	US West	29½	−¼	$3.28	—	6.4
30⅝	17⅛	Waste Management $1	20⅞	−⅞	—	—	—
31⅝	13⅞	Whirlpool $1.0	13⅞	....	—	—	—
37⅝	18½	Woolworth $3½	18⅜	−⅞	$1.32	—	4.0

CANADIANS

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
691p	249p	ABM Gold Corp	265p	−24	—	—	—
26¼p	10p	Abbot Energy Corp.	19½p	....	—	—	—
18¼	506p	Amer. Barrick Res.	10⅜xd	−¼	—	—	—
136p	32p	Amer. Dalaco	34½p	....	—	—	—
141p	6½p	American Lightwave	7¼p	−1	—	—	—
122p	33p	Armeno	45½p	+2	—	—	—
117	44	Augmitto Explo.	51¼p	−3	—	—	—
19⅝	11¼	Bk. Montreal	11¼	−¼	$2.00	—	8.2
10⅜	546p	Bk. Nova Scot.	548p	−30	72c	—	6.0
20⅝	15⅛	BCE	15⅛	−⅛	$2.40	—	7.0

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Continued

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
*£11½	733	Prudential	785	–40	†29.0	—	5.1	—
598	383	Refuge 5p	385	–15	15.75	—	5.6	—
595	345	Royal	375	–20	†Q15.5	—	5.7	—
110	85	Saffire Ins. Invs.	87	....	—	—	—	—
*345	175	Sedgwick Group 10p	192	–2	12.0	1.7	8.6	8.2
339	160	Steel Burrill J.10p	160	–15	19.0	2.0	7.7	8.9
668	405	Stewart Wr. 20p	618	....	♦13.0	2.0	2.9	21.9
612	373	Sturge Hldgs 20p	375	–12	†16.0	2.5	2.2	24.5
£12⅝	645	Sun Alliance	813xd	–22	†23.5	—	4.0	—
£13	905	Sun Life 5p	910	–10	†28.5	—	4.3	—
£69⅞	£39	♦Taisho M EDR	£45⅞	–⅞	♦Q10%	—	1.0	—
£22⅝	£14⅝	Torchmark $1.00	£15⅞	–⅛	Q$1.00	—	3.9	—
410	295	Trade Indemnity	305	–5	14.3	—	1.7	—
£34	£20⅞	Travelers $1.25	£20⅞	–⅛	$2.28	—	6.7	—
£30⅝	£17⅝	USF & G Corp $2.50	£18⅝	+⅛	Q$2.48	—	8.3	—
£33⅝	£16½	USLIFE Corp. $1.0	£18⅝xd	+⅛	Q$1.28	3.2	4.2	4.1
738	585	♦Utd Friendly B 10p	625	....	21.0	—	4.6	—
464	205	Willis Faber 12½p	221	–23	†10.75	2.4	6.7	8.4
128	41	Windsor Secs. 10p	62	–1	†0.7	1.5	1.6	—

LEISURE

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
35½	11½	♦A & M Group 10p	13	–2	—	—	—	—
242	95	Airtours 10p	100	–3	†h5.4	1.5	7.6	11.8
*549	302	Anglia TV	345	–15	†h11.25	3.3	4.5	9.6
308	78	Arley	175	–40	—	—	—	—
194	108	♦Aspinall Hldgs. 10p	126	–8	♦6.0	1.2	6.5	17.3
141	63	♦Aneeco 1p	65	–4	0.5	6.7	1.1	18.4
72	40	♦BCE Hldgs 5p	47	–8	L01.0	♦	2.9	♦
300	132	Barr & W.A.T. 'A'	230	–5	†8.0	1.4	4.8	18.7
58	22	Bond Media	22	–3	—	—	—	—
235	165	Boosey & Hawkes	220	....	—	—	—	—
83	37	♦Border T.V.	40	–8	1.4	♦	4.8	♦

MOTORS

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING—Continued

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

FINANCE, LAND—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Continued

Tins

Miscellaneous

THIRD MARKET

NOTES

REGIONAL & IRISH STOCKS

TRADITIONAL OPTIONS

3-month call rates

Renewed losses in turbulent equity trading session while Gilt-edged extend advance

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Oct 26	Nov 5	Nov 6	Nov 16
Nov 9	Nov 19	Nov 20	Nov 30
Nov 23	Dec 3	Dec 4	Dec 14

*New time dealings may take place from 9.00am two business days earlier.

THE UK stock market had a turbulent session yesterday with attention swinging between international and domestic factors. Share prices plunged heavily during the morning as London weighed the implications for Britain's exporting companies of the renewed onslaught on the US dollar. But a good recovery was made after the authorities came to the market's rescue by engineering another round of half point cuts in UK bank base rates.

Government securities continued to forge ahead and sustained their advance at the close of the session. Long-dated bonds added ¾ of a point, just a shade under their best levels. Index-linked Government stocks added another full point to their recent gains, reflecting the Chancellor's acknowledgement in his Autumn Statement that domestic inflation may edge higher next year.

The City remained favourably impressed by the views on the UK economy outlined to Parliament by *Mr Nigel Lawson*, the UK Chancellor. But the slide in the dollar, together with renewed share losses in New York and Tokyo, undermined London before trading started yesterday morning.

Investors sold shares in the blue chip exporting groups, such as **Glaxo, Jaguar, Shell** and **Imperial Chemical Industries** - although the last-named closed higher on the day after leading the way in the late rally in the market.

The London market is also troubled by the reduction in liquidity after the recent shakeout. Traders saw signs yesterday of selling by unit trusts, responding to customer liquidation, and also by foreign funds which are inclined to withdraw to home base until world markets steady down.

But the major bearish factor, according to Ian Harwood of Warburg Securities, remains the lack of progress on the US deficit. "People were beginning to decide that action is unlikely to come this week", he said.

At yesterday's worst point, the FT-SE Index was down by 86 points to the levels last seen in the week of Big Bang Day, October 27 last year. The FT-SE 100 Index closed 45.8 down at 1608.1.

A bold attempt by one marketmaker to operate a £30m buy programme was ruthlessly brushed aside and shares continued their slide.

The equity sector was slow to respond to the half point cutin base rates by the major banks, but turned sharply when a few buyers appeared. Also helpful at the close was a firmer performance from Wall Street than London had been expecting.

One trading house was believed to have seized the opportunity presented by the rally to make a further tax loss sale of 26m of **British Petroleum** new shares. BP new shares again headed the active stocks list with 146m traded, closing at 77p, after several marketmakers had earlier bid 70p, the Bank of England's predicted support level.

Financial sectors endured another severe setback before staging a good rally towards the close. Down to 413p early on **Barclays** picked up and ended the session a net 15 off at 423p, while **Lloyds** were finally 10 easier at 225p, after 218p, and **NatWest** 13 lower at 525p, after 518p. **Midland** rallied from an early 308p to close a fraction easier on the day at 325p. **Standard Chartered** slumped to 408p in mid-morning amid stories that Robert Holmes a Court may be forced by market conditions to sell his near 15 per cent stake in the company, but later picked up to settle only 22 down at 413p.

TSB suffered the indignity of sliding below the issue price of 100p and touched 99p before rallying to end the day at 100p.

Worries about possible market-making losses continued to depress merchant bank shares. **Morgan Grenfell** were the latest market maker to endure rumours of major losses in trading and a possible shut-down of its market-making activities but issued a statement during the late afternoon saying it was "absolute nonsense" that it had plans to pull out of market making. Morgan Grenfell's shares slumped to 235p during initial trading but recovered strongly after the statement to close with a net fall of 27 at 258p. Fears that the 5.2 per cent stake held by Robert Holmes a Court could be up for sale at close to current levels were shrugged aside by dealers. ***Kleinwort Benson,*** where the £143m rights issue at 450p closes today, fell away to 408p but later picked up to close 15 off at 423p. **SG Warburg,** parent of major market-making firm Warburg Securities, settled unchanged at 310p, having fallen to 290p during early exchanges.

First National Finance, sharply higher in recent days slumped to 180p prior to closing a net 42 down at 198p.

The insurance sector took a hammering. In lifes **Prudential** dropped 40 to 785p, while composites showed **Royals** 20 lower at 375p. **Willis Faber,** beset by a fresh spate of staff defections from the recently acquired Stewart Wrightson, slumped to 200p prior to picking up and ending the session 23 off at 221p.

A largely one-way trade inflicted further damange on on both leading and regional Brewers. From the off, marketmakers were under orders not to take stock on their books and avoid falling in the best bid category. The result was a steady price deterioration for most of the session, although the situation was relieved during the final hour or so when bear-covering developed. Fresh reports that Mr Alan Bond, the Australian tycoon, had recently built up a stake of some 21m shares, 2.8 per cent, failed to stabilise **Allied-Lyons** which retreated to 310p before rallying to close a 8 lower on the day at 320p. **Bass** wilted 25 to 790p and **Whitbread "A"** came back to 258p prior to settling a net 8 down at 264p. **Guinness** fell 8 to 244p. Secondary issues, too, suffered sizeable losses with **J.A.Devenish** closing 20 cheaper at 270p and **Vaux** 18 off at 484p. Merger candidates **Scottish & Newcastle** and **Matthew Brown** also encountered problems; the former shed 10 more to 207p while Matthew Brown tumbled 52 to 608p. Small sales in an unwilling market took a considerable toll on **Merrydown,** 65 worse off at 280p.

The half-point cut in bank base rates - quickly followed by a near one per cent Mortgage Rate reduction by the Halifax Building Society - arrested a steady decline among the Building leaders and prices were able to move away from the day's lowest levels. Housebuilders were at the forefront of the limited recovery, **George Wimpey** rallying from an initially depressed level of 162p to close just a penny cheaper on balance at 168p. **Barratt Developments,** down to 149p at one stage, picked up and settled 7 off at 153p. Revived takeover rumours helped **Costain** rise late in the session and the final quote was 8 higher on balance at 213p. Elsewhere, **Blue Circle** finished 28 lower at 315p, after 309p and **Redland** 16 off at 369p, after 363p.

ICI staged a useful recovery as the pressure on the US dollar eased following the latest round of base rate cuts and the close was $\frac{3}{16}$ higher on balance at £10$\frac{1}{16}$; earlier the price had fallen to 975p. **Laporte** were dull throughout and closed 10 down at 368p, while **Wardle Storeys,** annual results due on November 12, lost 45 to 445p. **Sutcliffe Speakman** dipped 18 to 92p, after 88p, following the company's decision to finance the US\$3m acquisition of Barnebey-Cheney via a share placing rather than by cash.

The base rate cuts instigated by Barclays Bank arrested the steep decline in stores issues but the subsequent rally ran out of steam fairly quickly. **Marks and Spencer** were finally unchanged at 191p, after initially retreating to 178p and then recovering to 194p. **Ratners** slumped 205p on a story that a major UK securities house had cut its profits forecast, amid worries over the group's exposure to the US, but the shares later rallied to close a net 30 off at 219p. Talk of a downgraded profits forecast also unsettled **Dixons** which lost 18 to 240p. Late speculative support was seen in **Storehouse** which were finally quoted at 225p - a net fall of 21.

Another "sell" recommendation from a UK securities house - BZW recently issued similar advice - saw **British Telecom** slip back 7 more to 216p. **Cable & Wireless,** weakened recently by the slump on Far Eastern markets and fears that the proposed merger and eventual flotation of the company's two Hong Kong subsidiaries could be delayed, ran back 17 more to 293p. US selling lowered **Racal** 10 to 202p.

Engineers were noteworthy for marked weakness in some of the secondary issues, particularly the high-fliers of not too long ago. **Thomas Robinson** came under selling pressure and dipped 63 to 316p, while **Braithwaite** reacted 30 to 200p. Falls of around 20 were common to **Jones and Shipman,** 105p, **TI Group,** 2408p, **Camford,**130p, and **Frederick Cooper,** 123p. The acquisition of J. Baguley and Sons, the second largest supplier of copper hot water cylinders to the UK building industry, failed to benefit **Glynwed** which closed 10 cheaper at 420p.

Leading Foods sustained fresh falls, but the tone appeared a touch steadier towards the close and a few issues finished a shade *above the worst.* **Cadbury Schweppes,** down to 202p at one stage, settled 13 down on balance at 203p. **Tate and Lyle** remained a weak market and dipped to 562p prior to closing 30 down at 569p. **United Biscuits** lost 18 at 234p and **Ranks Hovis McDougall** lost 21 at 240p. **Northern Foods** settled 16 lower at 215p, after 207p. Among Retailers, **J. Sainsbury,** interim results due next Tuesday, eased 4 to 220p. **Tesco** shed 11 to 151p and **Kwik Save** 7 to 295p.

The Hotel majors staged a smart recovery having been badly depressed earlier in the session by currency influences. **Grand Metropolitan,** down to 348p at one stage, picked to close only 12 lower on balance at 365p. **Ladbroke** finished 21 down at 314p, after 299p, while **Trusthouse Forte** were finally unchanged at 181p, after 174p.

International stocks staged a good rally after sustaining further hefty falls in the earlier dealings. Initially, sentiment was soured by currency worries as the US dollar continued to slide. However, the afternoon announcement of a reduction in interest rates, eventually gave a boost to confidence, but most dealers described the final tone as "uncertain" despite the recovery movement. The majority of prices closed well above the worst with **Beecham** settling a few pence cheaper at 397p, after having touched around 391p at one stage. **Glaxo** ended ½ off at £10¼. **Reed International,** however, reacted sharply to close *27 lower at 342p despite announcing* interim figures at the top end of market estimates. Other shares regarded as vulnerable to US exposure came under renewed selling pressure, with **Cookson** weakening 60 to 418p and **British Aerospace** reacting 19 more to 308p. **Smiths Industries** dipped 20 to 164p and **Christies International** fell 33 to 360p, while **Yale and Valor** were outstanding with a fresh loss of 26 at 184p. **Tribble Harris** provided one of the few steady spots, closing unaltered at 155p following a take-up of around 70 per cent of the recent rights issue.

Motor shares showed heavy falls. A depressed Components sector had **Kwik-Fit** down 21 at 141p, **Dowty** 19 lower at 160p and **Armstrong Equipment** 14 easier at 120p. **Lucas Industries** were noticeably steadier and lost only 6 to 494p. Distributors continued the sorry trend with numerous double-figure losses. **Lex Service** dived 26 further to 285p, **D.C.Cook** plunged 35 to 160p and **H.& J.Quick** lost 20 to 213p. Failure of the recent rights issue, the underwriters were left with nearly 99 per cent of the shares, upset **T.Cowie** which dipped 24 to 91p.

Newspaper and Printing issues joined in the rout. Recently-firm **United** dipped 20 to 428p while **Associated** gave up 20 further at 427p. Other major casualties included **Eucalyptus Pulp,** down 50 at 475p and **St. Ives,** 105 lower at 540p. **Norton Opax** weakened further to close 16 off at 105p. Advertising Agencies were not immune and **WPP** dropped 31 to 405pwhile **VPI** fell 35 to 205p.

Leading Properties were a shade above the day's lowest at the close although the late minor rally appeared extremely fragile. **Land Securities** settled 8 lower at 425p, after 423p, while **MEPC** finished 8 off at 400p after 395p. **British Land** remained on offer and shed 15 more to 210p and **Peachey** fell 12 to 318p. **Rosehaugh** were sold down to 425p after comment on the results, but steadied late in the session to close 75 lower on balance at 440p. **Control Securities** continued to give ground despite news of the strong first-half profits recovery and closed 6 down at 45p. **Alfred Walker** shed 18 to 242p following the acquisition of the Land's End beauty spot in Cornwall for £6.8m from the family trust representing interests of David Goldstone, the managing director of Regalian Properties.

Textiles recorded widespread and sometimes heavy losses. Among the major reactions, **Lister** weakened to close 18 down at 127p, while **J. Crowther** dipped 10 to 101p. In line with the other leaders. **Courtaulds** closed above the worst with a fall of 9 on the day at 310p.

Bat Industries, which has shown persistent weakness on currency worries, reacted afresh to around 412p before recovering to finish only 8 off on balance at 425p.

There was increased activity in Traded options with a total of 43,561 contracts transacted comprising 18,343 calls and 25,218 puts.The **FTSE** contract attracted 1,600 calls and 1,513 puts. **British Gas** were active and recorded 4,407 calls and 3,144 puts while **ICI** registered 1,808 puts but only 257 calls. **Tesco** puts totalled 2,079 with calls just 38.

Traditional Options

• First dealings Nov 02• Last dealings Nov 13• Last declarations Feb 04• For Settlement Feb 15 *For rate indications see end of London Share Service*

Stocks dealt in for the call included **Amalgamated Financial, Talbex, J. Crowther, Marks and Spencer, Rolls-Royce, Control Securities, Trusthouse Forte, H.P. Bulmer, Rivlin, Tootal, Wellcome, Whessoe, Aitken Hume, Weir, Stanco, Conroy Petroleum, British Vita, Aran Energy, Eagle Trust, BBA, Blacks Leisure, Sainsbury, Greenwich Resources, Hazlewood Foods, London International, Ferranti, GKN, North Kalgurli, First Leisure, Crest Nicholson, Martin Ford, Southend Stadium, Regalian, English China Clays, Hanson Trust, Rover, British Aerospace, Racal and British Petroleum.** No put or double options were reported.

FINANCIAL TIMES STOCK INDICES

	Nov. 4	Nov. 3	Nov. 2	Oct. 30	Oct. 29	Year Ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	90.51	90.14	89.76	89.87	90.14	83.19	93.32 (8/5)	83.73 (19/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	93.90	94.07	93.55	93.76	93.68	89.15	99.12 (15/6)	90.25 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1255.6	1286.1	1342.7	1360.9	1303.4	1296.1	1926.2 (16/7)	1255.6 (4/11)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	279.2	305.6	314.9	312.1	309.9	300.7	497.5 (4/8)	279.2 (4/11)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div.Yield	4.93	4.81	4.60	4.55	4.76	4.36				
Earnings Yld. %(full)	12.24	11.96	11.43	11.30	11.83	10.06				
P/E Ratio (net)(*)	9.99	10.23	10.70	10.82	10.34	12.16				
SEAQ Bargains (5pm)	40,855	36,788	43,020	59,138	37,681	29,616				
Equity Turnover (£m)	-	1673.22	1162.30	1563.99	1390.19	1176.0				
Equity Bargains	-	48,460	63,413	63,406	47,971	41,679				
Shares Traded (ml)	-	893.2	555.0	734.0	549.3	506.1				

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1259.0	1253.0	1236.7	1228.9	1225.1	1220.4	1236.7	1241.5

Day's High 1261.8 Day's low 1219.9

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974, * Nil=9.84 .

S.E ACTIVITY

Indices	Nov.3	Nov.2
Gilt Edged Bargains	147.1	110.4
Equity Bargains	314.0	410.9
Equity Value	3382.0	2349.3
5-Day average		
Gilt Edged Bargains	136.2	135.8
Equity Bargains	364.6	398.2
Equity Value	3081.5	3150.3

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (8).

BRITISH FUNDS (4) Transport 3pc 1978/88, *Treasury 3pc 1989, Treasury 8pc 1991,* Treasury 9pc Ln. 2008 A LOANS (1) N'wide Ang. 10pc 1.8.88 INDUSTRIALS (1) Malco

NEW LOWS (406).

AMERICANS (6) CANADIANS (8) BANKS (12) BREWERS (4) BUILDINGS (11) CHEMICALS (10) STORES (16) ELECTRICALS (38) ENGINEERING (16) FOODS (12) HOTELS (7) INDUSTRIALS (57) INSURANCE (6) LEISURE (8) MOTORS (6) PAPERS (11) PROPERTY (21) TEXTILES (4) TRUSTS (101) OILS (8) OVERSEAS TRADERS (2) PLANTATIONS (1) MINES (38) THIRD MARKET (6).

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA-MFI	6,700	English China Clays	592	Plessey	8,900
Allied-Lyons	5,700	Enterprise Oil	701	Prudential	480
Amstrad	3,600	Fisons	2,000	Racal	7,700
Argyll Group	3,800	Gen. Accident	832	Rank Org.	1,725
Assoc. Brit. Foods	420	Gen. Elect	7,400	RMC	617
BAA	2,100	Glaxo	4,100	RHM	910
BAT	4,600	Globe Investment	2,000	Reckitt & Col.	1,000
BET	2,100	Granada	791	Redland	1,900
BICC	1,200	Grand Met	3,700	Reed Int.	3,550
BOC	2,200	GUS A	488	Reuters	1,800
BPB Inds	1,000	Guardian R.E.	1,000	RTZ	3,000
BTR	5,300	GKN	633	Rolls-Royce	4,400
Barclays	2,500	Guinness	2,800	Rothmans	3,100
Bass	1,200	Hammerson	309	Rowntree	654
Beecham	5,500	Hanson Trust	8,700	Ryl Bank Scotland	1,200
Blue Arrow	3,800	Hawker Sidd	2,200	Royal Insurance	1,500
Blue Circle	2,900	Hillsdown Hldngs	2,400	STC	1,500
Boots	3,400	IMI	369	Saatchi & Saatchi	1,000
Brit. Airways	6,700	ICI	2,700	Sainsbury	2,300
Brit. Aero	5,600	Jaguar	3,920	Scott & Newcastle	1,400
Brit. & Comm.	2,000	Ladbroke	1,308	Sears	3,700
British Gas	27,000	Land Securities	2,500	Sedgwick	2,000
Britoil	3,100	Laporte	78	Shell Trans	3,900
BP	28,000	Legal & Gen.	1,600	Smith & Nephew	2,900
Brit. Telecom	11,000	Lloyds Bank	2,600	Standard Chart.	399
Bunzl	404	LASMO	295	Storehouse	4,900
Burmah Oil	796	Lonrho	1,700	Sun Alliance	2,100
Burton	5,600	Lucas	793	TSB	4,400
Cable & Wire	6,700	MEPC	1,400	Tarmac	1,400
Cadbury Schwps	6,900	Marks & Spencer	8,000	Tesco	5,200
Coats Viyella	1,800	Maxwell Commn.	1,680	Thorn EMI	2,900
Comm. Union	4,100	Metal Box	526	Trafalgar House	3,500
Cons. Gold	2,000	Midland Bank	1,800	T'house Forte	4,800
Cookson	866	NatWest Bank	2,000	Ultramar	1,000
Country & New.T	0	Next	3,600	Unilever	2,300
Courtaulds	3,200	Northern Foods	621	United Biscuits	2,100
Dalgety	857	Pearson	200	Wellcome	1,000
Dee Corpn	4,200	Pearl Assurance	277	Whitbread A	3,800
Dixons Group	5,400	P & O	634	Woolworth	2,700
		Pilkington Bros	6,300		

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	102	2	9
Corporations, Dominion and Foreign Bonds	26	3	26
Industrials	34	1,295	257
Financial and Properties	14	499	116
Oils	4	79	31
Plantations	0	7	7
Mines	6	134	56
Others	31	172	67
Totals	217	2,191	569

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Wed Nov 4 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Tue Nov 3 Index No.	Mon Nov 2 Index No.	Fri Oct 30 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (213)	653.71	-4.4	10.77	4.34	11.66	18.27	683.63	707.46	712.00	667.45
2	Building Materials (30)	851.00	-5.1	10.92	4.32	11.42	22.91	896.46	934.14	940.04	818.68
3	Contracting, Construction (33)	1175.60	-5.1	10.78	4.28	12.40	29.46	1239.01	1290.83	1301.92	1131.86
4	Electricals (14)	1714.79	-2.2	10.56	5.09	12.36	54.41	1753.25	1857.45	1864.27	1717.36
5	Electronics (33)	1489.70	-2.2	10.83	3.39	12.05	35.33	1522.54	1557.92	1547.47	1435.15
6	Mechanical Engineering (60)	325.92	-6.6	11.20	4.93	11.23	11.01	348.87	361.75	368.08	371.14
8	Metals and Metal Forming (7)	382.66	-4.6	10.30	4.31	11.82	9.11	401.03	403.77	402.54	338.33
9	Motors (14)	234.50	-5.1	13.16	4.94	8.83	5.86	247.11	264.40	268.35	257.43
10	Other Industrial Materials (22)	1104.20	-4.2	9.44	4.69	12.60	36.40	1152.43	1178.99	1191.79	1228.98
21	CONSUMER GROUP (183)	944.86	-3.7	8.82	3.73	14.49	18.71	981.61	1023.53	1036.91	941.85
22	Brewers and Distillers (21)	886.22	-3.1	11.33	4.18	11.15	17.52	914.84	949.49	949.20	941.97
25	Food Manufacturing (23)	737.98	-4.4	10.04	4.22	12.06	16.66	772.16	798.30	819.54	713.08
26	Food Retailing (17)	1927.55	-3.9	7.66	3.05	17.38	39.67	2005.96	2078.13	2086.16	1866.04
27	Health and Household Products (10)	1625.13	-3.6	6.91	2.79	16.73	16.41	1686.89	1780.98	1803.92	1534.52
29	Leisure (30)	992.19	-4.5	8.08	4.58	15.45	28.16	1038.65	1081.47	1086.18	946.06
31	Packaging & Paper (16)	462.86	-4.2	8.92	3.87	14.75	11.13	482.97	494.29	500.55	476.28
32	Publishing & Printing (15)	3098.90	-6.2	6.92	4.54	18.30	67.89	3302.57	3375.87	3419.76	2577.98
34	Stores (35)	815.63	-2.5	8.96	3.63	15.05	16.95	836.42	877.27	899.63	875.84
35	Textiles (16)	541.35	-4.1	11.64	4.26	9.94	12.57	564.62	606.80	601.86	540.61
40	OTHER GROUPS (87)	786.47	-3.0	11.05	4.51	11.27	20.82	811.03	834.22	844.63	786.34
41	Agencies (17)	954.56	-4.5	6.55	2.37	20.06	16.79	999.99	1024.48	1024.99	0.0
42	Chemicals (21)	959.55	-0.6	10.27	4.79	11.90	33.10	964.97	1001.50	1012.98	990.61
43	Conglomerates (13)	1032.51	-3.1	9.96	4.53	11.49	22.33	1065.18	1102.73	1113.89	0.0
45	Shipping and Transport (11)	1655.55	-4.5	10.23	4.97	12.83	51.44	1734.09	1773.23	1777.49	1568.54
47	Telephone Networks (2)	834.68	-3.6	12.15	4.84	10.98	18.98	865.73	886.77	915.57	762.13
48	Miscellaneous (23)	1092.67	-3.2	13.74	4.31	8.68	32.87	1129.36	1157.32	1149.69	1118.41
49	INDUSTRIAL GROUP (483)	834.30	-3.7	9.92	4.09	12.69	19.71	866.45	898.42	908.52	838.48
51	Oil & Gas (17)	1581.22	-2.4	10.51	6.22	11.74	65.73	1619.63	1670.14	1715.44	1445.19
59	500 SHARE INDEX (500)	897.63	-3.5	10.01	4.41	12.54	23.68	930.29	963.83	976.99	889.32
61	FINANCIAL GROUP (120)	583.23	-4.1	-	5.33	-	20.08	607.95	636.39	642.21	610.43
62	Banks (8)	577.39	-2.6	23.11	6.74	5.72	25.98	592.88	636.52	647.18	673.33
65	Insurance (Life) (8)	863.60	-4.4	-	5.33	-	32.56	902.89	938.49	940.48	835.13
66	Insurance (Composite) (7)	469.63	-3.0	-	5.87	-	17.20	484.29	505.75	512.40	468.33
67	Insurance (Brokers) (8)	784.35	-5.8	14.16	7.30	9.04	38.19	832.83	898.85	900.28	1278.46
68	Merchant Banks (11)	366.91	-3.5	-	3.85	-	8.69	379.03	386.81	388.74	343.02
69	Property (49)	854.31	-5.0	5.68	3.47	22.69	16.02	899.27	924.04	925.02	790.70
70	Other Financial (29)	368.61	-7.4	9.77	4.37	13.00	10.39	397.97	411.47	415.10	355.67
71	Investment Trusts (88)	791.30	-3.7	-	3.14	-	15.17	821.42	839.94	845.76	822.60
81	Mining Finance (2)	363.39	-3.7	12.51	4.70	9.00	10.41	377.26	404.41	422.44	334.62
91	Overseas Traders (10)	876.18	-1.9	10.44	5.57	11.22	33.95	893.10	934.45	934.04	756.69
99	ALL-SHARE INDEX (720)	813.85	-3.6	-	4.52	-	22.36	844.14	876.00	887.33	813.16

	Index No.	Day's Change	Day's High	Day's Low	Nov 3	Nov 2	Oct 30	Oct 29	Oct 28	Year ago
FT-SE 100 SHARE INDEX ♦	1608.1	-45.8	1620.4	1565.4	1653.9	1723.7	1749.8	1682.0	1658.4	1644.4

FIXED INTEREST

	PRICE INDICES	Wed Nov 4	Day's change %	Tue Nov 3	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	123.79	+0.19	123.57	0.02	9.56
2	5-15 years	141.64	+0.42	141.05	-	12.14
3	Over 15 years	150.92	+0.45	150.24	-	12.02
4	Irredeemables	168.79	+0.68	167.65	-	13.35
5	All stocks	138.26	+0.35	137.77	0.01	11.33
	Index-Linked					
6	5 years	123.16	+0.62	122.41	-	2.18
7	Over 5 years	110.03	+1.63	108.27	-	2.89
8	All stocks	110.96	+1.53	109.29	-	2.82
9	Debentures & Loans	117.93		117.93	-	9.47
10	Preference	84.20	-0.54	84.65	-	4.95

	AVERAGE GROSS REDEMPTION YIELDS		Wed Nov 4	Tue Nov 3	Year ago (approx.)
	British Government				
1	Low	5 years	8.56	8.65	9.71
2	Coupons	15 years	9.12	9.15	10.26
3		25 years	8.95	8.99	10.27
4	Medium	5 years	9.15	9.23	11.06
5	Coupons	15 years	9.29	9.35	10.58
6		25 years	9.14	9.20	10.23
7	High	5 years	9.23	9.30	11.12
8	Coupons	15 years	9.43	9.50	10.76
9		25 years	9.14	9.20	10.30
10	Irredeemables†		8.89	8.96	10.07
	Index-Linked				
11	Inflation rate 5%	5yrs.	2.87	3.07	4.23
12	Inflation rate 5%	Over 5 yrs.	4.23	4.34	3.81
13	Inflation rate 10%	5 yrs.	3.04	3.24	2.85
14	Inflation rate 10%	Over 5 yrs.	4.27	4.37	3.65
15	Debs &	5 years	11.11	11.13	11.54
16	Loans	15 years	10.83	10.83	11.46
17		25 years	10.83	10.83	11.38
18	Preference†		10.85	10.79	11.52

♦Opening Index 1614.3; 10 am 1608.2; 11 am 1587.8; Noon 1577.5; 1 pm 1572.6; 2 pm 1566.1; 3 pm 1586.1; 3.30 pm 1580.7; 4 pm 1590.6

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.
CONSTITUENT CHANGES: Hill Samuel (68) and IBL (5) have been deleted and replaced by Brake Brothers (26) and Framlington Group (70).

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls Jly.	Puts Jan.	Puts Apr.	Puts Jly.
Allied Lyons (*314)	300	38	50	60	20	25	33
	330	23	35	45	40	45	50
	360	13	23	33	60	65	68
Brit. Airways (*128)	130	18	25	38	18	23	30
	140	14	22	30	27	28	38
	160	10	15	25	42	43	45
[illegible]							

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
LASMO (*217)	200	30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	220	20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	240	10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pilkington (*189)	180	17	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	200	10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	220	5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]							

November 4. Total Contracts 43,561. Calls 18,343. Puts 25,218. FT-SE Index Calls 1,600 Puts 1,513. *Underlying security price.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1987 High	1987 Low	Stock	Closing Price	+ or -	Net Div.	Times Covered	Gross Yield	P.E. Ratio
§130	F.P.	20/11	170	91	Alba 10p	91	-10	L3.8	2.2	5.7	9.3
§61	F.P.	-	96	61	‡Amer.Plast.Inc. $0.01	66	-5	R025c	4.6	2.3	9.30
775	F.P.	6/11	240	160	Anglo Leasing 10p	165		L2.5	4.2	2.1	11.9
[illegible]											

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

WORLD STOCK MARKETS

AUSTRIA | BELGIUM/LUXEMBOURG | DENMARK | FINLAND | FRANCE | GERMANY | ITALY | NETHERLANDS | NORWAY | SPAIN | SWEDEN | SWITZERLAND | AUSTRALIA | AUSTRALIA (Continued) | HONG KONG | JAPAN | JAPAN (Continued) | SINGAPORE | SOUTH AFRICA

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

TORONTO
Closing prices November 4

[illegible]

MONTREAL
Closing prices November 4

[illegible]

Indices

NEW YORK — DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

TORONTO

[illegible]

MONTREAL Portfolio

[illegible]

* Indicates pre-close figure

[illegible]

TOKYO — Most Active Stocks
Wednesday, November 4, 1987

	Stocks Traded	Closing Prices	Change on Day		Stocks Traded	Closing Prices	Change on Day
Nippon Kokan	69.85m	359	uch	NII	19.52m	656	+16
Mitsui E and S	37.75m	283	−8	Hazama-Gumi	17.73m	785	−4
Nippon Steel	35.52m	435	−6	Nisshin Steel	12.67m	688	uch
Kawasaki Steel	30.85m	347	−7	M'bishi Petrochem	8.48m	1,270	+69
Hitachi Zosen	19.62m	235	+3	Osaka Cement	7.89m	665	+5

10; and Toronto Composite and Metals — 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 utilities, 40 Financials and 20 transports. (c) Closed.(u) Unavailable.

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Am Elect Power	5,973,700	27	−¼	General Electric	2,104,300	45½	−1⅛
Central & SW	6,366,800	31½	−¾	Santa Fe	2,085,000	55½	+½
Union Carbide	3,998,500	21½	−½	Eastman Kodak	1,950,300	54⅝	−2⅝
Texaco	2,429,600	31	−3¼	IBM	1,930,100	121⅞	−2⅝
AT&T	2,307,900	29⅛	−⅝	General Motors	1,661,100	58⅞	+⅛

LONDON Chief price changes (in pence unless otherwise indicated)

RISES:

Tr.2½pc IL 2020	£87⅝	+1⅝

FALLS:

Abaco	51	−12
Bass	790	−25
Blue Circle Inds.	315	−28
British Land	210	−15
Brown (Matth.)	608	−52
Cookson	420	−58
Cowie (T.)	91	−24
F. Nat. Finance	198	−42
Kwik-Fit Hldgs.	141	−21
MAI	463	−42
Merrydown W.	280	−65
Morgan Grenfell	258	−27
Ratners	219	−30
Reed Intl.	342	−27
Robinson (Th.)	316	−63
Rosehaugh	440	−75
Royal Insurance	375	−20
Smiths Inds.	164	−20
Tate & Lyle	569	−30
Ultramar	176	−23
WPP Group	405	−31
Willis Faber	221	−23

OVER-THE-COUNTER Nasdaq national market, closing prices

Continued from Page 39

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25⅝	14¾	AAR s	.36	1.9	20	740	19½	18¾	18¾	−¾
32½	17½	AFG s	.16	.6	9	405	25¾	24½	25¼	+¼
27	10½	AGS s			13	326	16	15⅝	15⅝	−⅜
13½	6¾	AMCA				2	7⅞	7⅞	7⅞	−⅛
9⅞	3¼	AM Intl			41	2423	4⅞	4½	4½	−¼
65½	29½	AMR			10	6043	35⅝	34⅛	34⅞	−1½
12¼	6⅞	ARX s			7	56	7⅛	7	7⅛	−¼
73½	34½	ASA	2a	4.4		492	45¾	44¾	45⅛	−1¼
22⅞	9½	AVX			17	1708	13½	13	13½	
67	40	AbtLab	1	2.0	19	4800	49⅞	49	49¼	−1½
28	15⅞	Abitibi g				56	17¼	17⅛	17¼	−¼
18¾	9	AcmeC	.40	3.6	12	140	11¼	11	11¼	
10½	6⅛	AcmeE	.32b	4.1	27	21	7¾	7⅝	7¾	+⅛
23¼	16½	AdaEx	3.30e	18.		211	18	17¾	17⅞	−⅜
19½	7¾	AdmM s	.24	2.6	7	89	9¾	8⅞	9½	+⅝
35	14⅛	AdvSys			18	137	27⅛	26¼	26¾	−½
24⅞	9½	AMD				6293	10⅞	10⅛	10⅞	+⅝
56¾	30½	AMD pf	3	9.3		189	32½	32	32¼	+¾
11⅞	4¾	Adobe				438	5¾	5¼	5½	
20½	15	Adob pf	1.84	11.		1	17	17	17	
15	6⅛	Advest	.12a	1.5	6	146	8⅛	7¾	7⅞	
68¼	46	AetnLf	2.76	5.5	7	2478	50⅞	50	50⅝	−¼
83½	30⅝	AflPb s	.32	.7	7	607	47¾	47¼	47½	−½
28⅞	15	Ahmans	.88	5.5	7	z2582	16⅜	15⅝	16⅛	−⅛
5⅜	1¾	Aileen				38	2⅜	2¼	2⅜	
53⅞	29	AirPrd	1	3.1	11	4237	32⅞	31¾	31¾	−1¼
36	11½	AirbFrt	.60	4.7	8	419	13	12⅝	12¾	−½

Continued on Page 39

NYSE COMPOSITE CLOSING PRICES

Continued from Page 38

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
95	38½	Pennzol2.20		3.1	54	4209	70⅞	65	70⅝	+5½
26¾	14¼	PeopEn1.44		8.5	9	329	17⅜	16¾	16⅞	−¼
18⅞	9½	PepBy s .08		.6	22	891	13⅞	13	13¼	−⅛
42¼	25½	PepsiCo.58		2.1	15	8848	32½	31¼	32	−⅞
12¾	7⅜	PerkF 1.15e		14.	12	66	8¼	8⅛	8½	+⅛
41⅛	18½	PerkE .60		2.8		4485	22¼	20½	21¼	
8⅛	5½	Prmian.43e		7.3	10	353	5⅞	5⅝	5⅞	
10¼	6¾	PrLP pr1.15		14.		353	8½	8⅛	8⅛	−⅜
15⅜	6⅝	PeryDr .22		3.2		252	7⅛	6⅞	6⅞	−⅛
40	18	Petrie .70		3.3	14	821	21⅛	20¼	21⅛	+¼
21¼	15½	PtPar n 2		12.	12	166	17⅛	16½	16¾	+¼
33½	23⅛	PetRs 2.37e		9.8		57	24¼	24	24¼	−⅛
20	15	PetRs pf1.57		10.		18	15¼	15⅛	15¼	
2⅛	1	Ptrlnv .12e		8.0		32	1½	1⅜	1½	+⅛
77	40	Pfizer 1.80		3.4	13	4974	54¾	53⅛	53¼	−1½
56	17⅝	PhelpD			17	7451	34⅛	31⅜	34	+⅝
74	37	PhlpD pf 3		6.2		439	49	47	48½	−⅝
26	16¾	PhilaEl2.20		11.	9	21620	20½	19⅞	20⅜	+½
45½	34	PhE pfA3.80		11.		z100	35½	35½	35½	
49⅝	37½	PhE pfB4.30		11.		z120	39½	39½	39½	
49	36½	PhE pfC4.40		11.		z100	40	40	40	+1¾
54	39	PhE pfD4.68		11.		z200	42½	41¼	41¼	+¼
87¼	63	PhE pfE 7		11.		z100	65	65	65	+1
97⅛	69	PhE pfG8.75		12.		z810	77	74½	76	+1½
13⅞	11	PhE pfR1.41		12.		33	11⅞	11⅝	11⅝	
126	115	PhE pfQ14.63		13.		0	116	116	116	+1
13¼	9⅞	PhE pfP1.33		12.		109	11⅝	11⅛	11¼	+⅛
88⅝	65⅛	PhE pfH7.85		11.		z100	71	71	71	

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
87	55	ScottP 1.36		2.2	11	1328	63½	61⅛		
15⅞	10	Scottys .52		4.2	16	51	12½	12¼		
13	5⅛	ScotMA n				190	7	6⅞		
30½	12	SeaCnt .10e		.6	20	191	15⅞	15⅜		
14¼	9	SeaCt pf1.46		12.		8	12¼	12⅛		
17½	12⅛	SeaC pfB2.10		14.		4	15⅜	15⅛		
17½	12	SeaC pfC2.10		14.		11	15	14⅝		
58	34½	SeaC pfD4.12		10.		24	41	40¾		
82⅜	49	Seagrm1.10		1.9	12	1272	57¾	56⅛		
24¼	12⅛	Seagul			18	65	14½	14		
52¼	28⅞	SealAir .52		1.7	14	198	31¼	30⅛		
39⅝	21¾	SealPwr1.10		4.3	9	148	26	25½		
59½	28	Sears 2		5.7	8	8358	36	35		
43⅞	20½	SecPac1.80		6.1	14	716	29⅞	29¼		
88⅝	51½	SequaA15e		.3	10	116	54¼	53¼		
91½	62	SequaB12e		.2	11	31	57½	56¾		
31⅞	18	SvcCp s .40		1.9	17	1138	22⅛	20¾		
20⅜	3⅜	SvcRes				89	6⅝	6⅛		
32	20½	Svcmstn1.52e		6.5	14	375	23½	23		
26¾	12¼	Snaklee.72		4.4	11	133	16⅜	15⅞		
30¾	14¼	Shawin .60		3.8	9	75	16⅛	15¾		
34⅛	12½	ShLeh n.38e		2.6		690	15⅛	14¾		
23⅞	11⅛	Shelby .24		1.8	14	689	13½	12¾		
86⅛	52¼	ShellT 4.14e		6.0	13	888	68¼	67¾		
38½	21¾	Shrwin .66		2.3	10	787	25⅝	23¼		
9	4⅛	Shoetwn			9	211	5⅞	5½		
16¾	7½	Shwbt s .28		2.8	16	287	10¼	9¾		
27⅛	18	SierPac1.78		8.7	11	167	20½	20⅛		
18¼	7⅛	SgnlAps .12		1.7	5	26	7⅝	7¼		
38⅝	21¼	Signet 1.32		5.3	22	682	26⅝	25		

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
34½	14¼	Trinty .50		2.8	78	1904	18¼	17⅝	18	
44¼	20¼	Trinova.56		2.1	13	2186	27½	24	26⅛	−⅜
24¼	11⅞	TritEng.10b		.7	10	99	13¾	13½	13¾	−¼
29¼	19⅝	TritE pf 2		9.6		122	20¾	20½	20⅝	−⅜
84¼	50⅞	TucsEP3.60		6.7	11	195	54⅜	53⅞	54⅛	
16	8	Tultex s			7	86	10	9⅝	9⅝	−¼
23	14⅝	TwinDs .70		3.9	13	12	18	17⅞	17⅞	−⅛
28⅛	15¾	TycoL s .24		1.2	25	703	20⅝	20¼	20½	−⅛
15¾	10	Tyler .44		3.7	16	8	10⅞	10¾	10⅞	−⅛
		U U U								
27⅛	11⅞	UDC 2.20		16.	5	254	13¾	13⅛	13¾	+⅛
113	105½	UDC pf				1	104	d104	104	−1½
32	21¾	UGI 2.04		8.3	9	65	24⅝	24⅛	24⅝	+¼
13¾	4½	UNCInc.01e		.1	10	138	7⅛	6⅞	7	

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
8	1½	Winjak.16e		5.8		5	2⅞	2⅞	2⅞	−⅛
59	40⅛	WinDix1.86		4.4	15	286	43	41½	42⅝	+⅝
15⅞	7	Winnbg .40		5.1	10	388	8¼	7⅞	7⅞	−⅜
4	1⅝	Winner				21	1¾	1⅝	1⅝	
28⅞	21	WisEn s1.44		6.1	9	613	23¾	23½	23½	−¼
31	26	WisG pf2.55		9.5		5	26¾	26¾	26¾	
54¾	42½	WiscPL3.12		6.9	10	42	45¼	44½	45	−¼
27⅞	18⅞	WisPS s1.54		7.2	10	105	21⅝	21	21⅜	+⅛
47⅞	26⅝	Witco 1.28		4.6	10	475	28¼	27⅛	28	−⅛
16½	8¾	WolvTc .20		2.0	7	96	10	9⅞	9⅞	−⅛
14	7½	WolvrW			53	70	9	8⅝	9	+⅜
59⅝	30⅛	Wlwth s1.32		4.0	9	2764	33⅝	32⅛	32¾	−¼
9⅝	4	WrldCp				28	7⅜	7¼	7⅜	+⅛
19½	10¾	WrldVl				34	13½	12¾	12¾	−½
64¼	39	Wrigly s1.04a		1.9	17	124	56½	52½	55⅞	+1⅞
17½	7	WyleL s .28		2.6	23	106	11	10⅝	10⅞	−⅛
30⅝	14½	Wynns .60		3.4	14	139	17½	16¾	17½	+½
		X Y Z								
85	50	Xerox 3		5.3	12	5979	56⅞	55½	56½	−¼
58¼	52½	Xerox pf5.45		10.		169	54¼	53¾	54¼	+¼
31½	19¾	XTRA .64		2.8	18	24	23	22½	22¾	
33⅞	16⅛	Yorkin			9	207	22½	21½	22¼	+¼
7¼	2¼	Zapata				187	3⅜	3¼	3¼	−⅛
37	14⅝	Zayre .40		1.9	8	4195	21⅞	21	21½	−⅜
16⅛	9½	Zemex .40		3.8	7	1	10½	10½	10½	−⅛
33⅝	10	ZenithE				2730	13⅝	13¼	13⅝	+⅛
13½	3⅛	ZenLab				961	4⅝	4⅜	4⅜	+⅛
26½	13½	ZenNtl .80		5.0	8	239	16⅝	14⅞	16⅛	+1
20⅝	11⅝	Zero .36		2.6	13	42	14	13¾	13⅞	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
ContMtl		244	87	15	14⅞	14⅞	−⅝
Crosss .66		15	523	25¼	22⅞	23½	−1¾
CrnCP			24	12¼	11⅞	11⅞	−½
CrCPB			4	10¼	10⅛	10⅛	−⅜
CwCpD2.25			12	19½	19⅜	19⅜	−⅛
Cubic .39		13	132	16¾	16⅛	16⅜	−¼
Curtice 1.04		12	6	32⅜	32⅛	32⅜	+⅛
Custmdx		21	855	1⅝	1⅜	1½	−⅛
D D							
DI Ind			106	1⅜	1⅛	1¼	
DWG		9	194	6¼	6⅛	6⅛	−⅜
Damson			1391	5-16	¼	¼	−1-16

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
HmHar			609	7⅞	7⅜	7⅝	
Honyben		12	3	5⅞	5⅞	5⅞	
Hormels .30		16	182	20	18¾	20	−⅛
HouOT .18e		4	323	1⅛	1	1	−⅛
HovnEs		9	252	10⅛	9⅞	10⅛	+⅛
I I							
ICH		7	584	9⅛	8¾	9	
ISS .16		16	11	6⅛	5⅞	6	
ImpOilg1.60			347	46½	45½	46⅛	−⅝
InstSy		9	530	1⅝	1⅜	1½	
InsSypf.25e			3	2¼	2¼	2¼	

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Numac		27	61	6⅜	6⅛	6⅛	−⅜
O P Q							
OdetA		59	27	5⅞	5⅝	5⅞	−⅛
OOkiep			61	9¼	8⅛	9¼	+¼
PallCps .34		18	517	23¾	22⅝	23¼	−1⅛
PenniG .80		12	44	23⅝	23⅜	23⅝	+¼
PtHeatn.99e		181	37	13⅜	13¼	13⅜	+¼
PhlLDs .04t		3	1339	7⅜	7	7⅜	−¼
PionrSy			445	1⅛	1	1⅛	+⅛
PlyDem			4	16¾	16¾	16¾	−¼
Pittway1.80		11	31	69¼	68	69¼	−¼

OVER-THE-COUNTER

Nasdaq national market, closing prices

Stock	Sales (Hnds)	High	Low	Last	Chng
A&WBd	119 72	9½	9	9½	
ADCs	15 124	15¾	15½	15¾	
ASK	14 1136	9	8½	8¾	
AST	10 718	9⅛	8½	8⅞	+⅛
Actmds	26 659	13½	12¾	13½	−¼
Acusn	22 375	14	13¼	14	
Adapt	8 972	6⅜	5⅞	6¼	−⅜
AdiaSv .10	16 15	16¼	15	16¼	−¼
AdobSs	40 1642	25	22½	23½	
AdvTel	12 361	14	13¼	13¾	−¼
AdvoSy	898	6¾	6¼	6¾	+⅛

Stock	Sales (Hnds)	High	Low	Last	Chng
ChipsTc	13 734	14¾	14	14¾	+¼
Chiron	969	14½	12½	14½	+1
ChrDwt .22	22 271	13⅝	13¼	13¼	−⅛
CinnFn1.52b	9 140	46½	45¾	46	−¾
Cintass	24 137	27	26½	26½	−1
Cipher	24 1835	7	6⅝	6¾	−¼
CirclEx	9 122	6	5½	5⅞	−¼
CtzSoCp 1	9 1414	21⅝	21¼	21⅝	−⅛
CtzFGs .68	8 364	14¾	14⅜	14½	−¼
CtzU As	t 20 148	28¾	28¼	28¾	−¾
CityFed .04	10 691	4¾	4⅜	4½	−¼

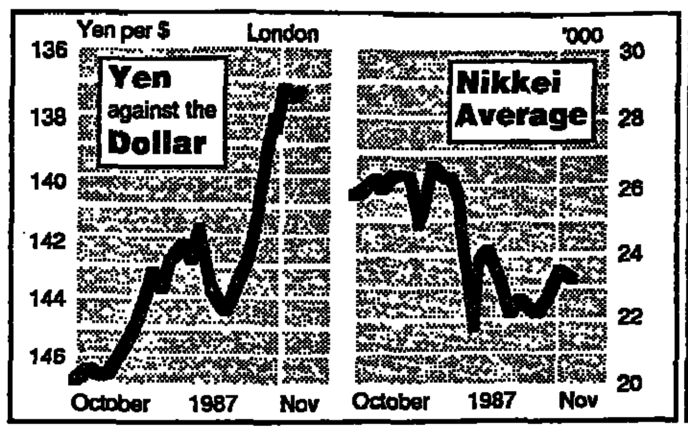
Stock	Sales (Hnds)	High	Low	Last	Chng
FMdBs 1	8 154	23¾	23	23¼	−½
FNCInn1.58	10 41	35½	35	35	
FSecC 1.10	28 55	24	23¾	23¾	
FtSvBk	6 41	7¾	7½	7¾	+⅛
FTenns 1.24	9 264	23	22¾	23	+⅛
FstUCs .80	7 2235	18¼	17⅞	18¼	
FtValy .84	10 2	26	26	26	+½
FtWFn .28	6 457	7⅛	6⅛	6¾	+⅜
Firster 1.10	11 4	30½	30½	30½	
Fiserv	16 340	14¼	13¾	14¼	+½
FishSci	1650	15	14	15	+1

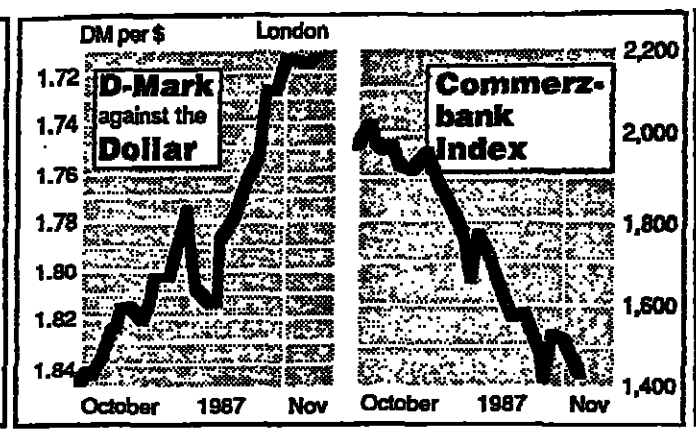
Stock	Sales (Hnds)	High	Low	Last	Chng
Nike B .40	14 732	16¾	16½	16¾	−⅛
Nobel .41r	2 749	9¼	d 8½	9	
NbleDr	931	2¾	2½	2½	−¼
Nordsns .48	14 78	26½	24¾	26½	+1
Nordsts .18	21 3437	22¾	20¼	20¾	−⅛
NorskB .35t	466	15¾	15¼	15⅜	−⅝
NAmCm	1213 59	24¼	24	24¼	+⅜
NAmVs	426	5⅛	4⅞	5	−⅛
NstBcp 1.40	10 85	45	43½	43½	−2½
NorTrst .92	45 155	39	38¾	39	+¾
NwNG 1.56	10 93	18⅝	18¼	18⅝	
NwNLf .96	6 609	21⅝	21	21⅝	+⅜
NorwSv.17e	118	9⅝	9	9⅛	−⅜
NovaPh	618	7⅞	7¼	7⅝	
Novells	19 3796	19¼	15¾	18½	+1¾
Novells .40	20 1610	21¼	19¾	20½	−1¼
Nuvrc .56	12 222	10⅜	d 9¼	9¾	−½
O O					
OMI Cp	43 3444	4	3½	3⅞	−⅛
OMIpf	430	15	14⅝	15	¼
OcuUrg	537	7⅝	6⅞	7⅛	−⅝
OgilGp .84	12 635	23½	22½	23¼	+½
OhioCas1.68	7 64	36	35½	36	

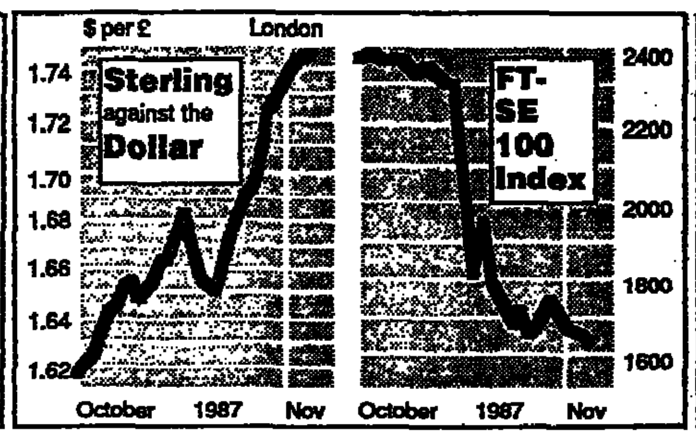
Continued on Page 37

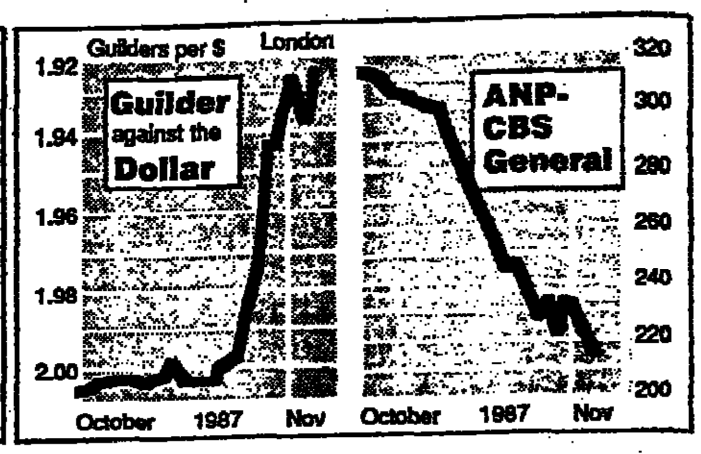
FINANCIAL TIMES

WORLD STOCK MARKETS









AMERICA

Dow see-saws amid budget doubts

WALL STREET

TRADING on Wall Street was mixed yesterday on heavy volume *as investors kept a watchful eye on* budget news from Washington, *writes Deborah Hargreaves in New York.*

A weaker dollar continued to exert some pressure on the market and afternoon stock selling boosted bond prices by almost 1¼ points with short-term interest rates steady.

Wall Street took its cue from foreign markets at the opening which saw the Dow Jones industrial average down more than 30 points. Subsequent rally attempts were brief and not vigorous. Although the Dow bounced back in the early afternoon and was briefly up 5 points over Tuesday's close, it did not stay there for long. The Dow lost 18.24 points to close at 1,945.29.

Broader-based indices also fell with the Standard & Poors 500 down 2.51 points at 248.31 on the close and the New York Stock Exchange composite *index down 1 at* 139.11.

Trading on the New York Stock Exchange was brisk and, although volume fell from Tuesday's high of 227m, it was heavier than Monday *at 203.7m shares. Declining stocks* numbered 924 with those advancing at 709.

"We're going through a testing and rebuilding time," said Mr Newton Zinder at E. F. Hutton. In afternoon trading, the market was focusing on domestic issues with October car sales figures helping *it* to bounce back slightly.

Car sales figures were not dramatic, "but at least it shows people are still buying cars," said Ms Hilde Zagorski, analyst at Prudential *Bache. Overall, "we're in a not-too-*much-of-anything mood," she said. The return of buying programmes related to stock index arbitrage could have led some of the market's swings, according to analysts.

Texaco fell a further $¾ to $30¼ on expectations that creditors would put pressure on the company to reach a settlement with Pennzoil following the Texas Supreme Court's refusal late on Monday to review a damages award of nearly $11bn. Pennzoil gained another $5⅛ to $70⅜.

Other oil issues were trading lower with Exxon down $⅝ at $42⅝, Mobil fell $1½ to $38 and Amoco declined $⅝ to $69¼.

Santa Fe Southern Pacific, which this week agreed to begin talks on a possible takeover with privately held Canadian property group, Olympia & York, was up $⅛ to $55⅝. The company said it is still in dis*cussions on a $63 a share bid from* the Henley group, which rose yesterday $⅝ to $20⅝.

In the airline sector, Piedmont, which said it would complete its acquisitions of USAir group today, *gained $½ to $71* and *USAir rose $½* to $32⅞. Pan Am, which reported higher earnings on Tuesday increased $⅛ to $3⅝.

Computer stocks marked further declines yesterday with IBM down $1¼ at $120⅞. Digital Equipment fell $3 to $131⅞ and Hewlett Pack*ard lost $1¼ to $48. However, Tandy* gained $1⅜ to $40 following its announcement of a 14 per cent rise in October sales.

In the transport sector, Ford reported higher October car sales, but still lost $¼ to $76 and General Motors, whose October sales declined slightly, saw a gain of $1½ to $60¼. Chrysler, whose sales were down marginally, gained $⅝ to $24¾.

In the credit markets, bonds separated from the dollar and bond prices rose 1¼ points as the dollar reached its lows of the day in late afternoon trading. By late afternoon the Treasury's 8.875 per cent long bond was up 1¼ points at 99[17]/32 yielding 8.9 per cent. The yield on three-month Treasury bills was unchanged in the late afternoon at 5.71 per cent.

CANADA

METALS AND minerals took stocks in Toronto broadly lower in early trading but a muted rally at midsession helped the majority of prices recover from lows.

The composite index, which had earlier fallen 52 points, dropped 35 points to 2971.00.

Golds were broadly lower, with Lac Minerals falling C$⅜ to C$10¾, International Corona dropping C$1⅜ to C$48½ and Placer Dome declining C$¼ to C$16¾.

In mines and metals, Noranda fell C$⅝ to C$21½, Alcan Aluminium dropped C$½ to C$31½ and Falconbridge declined C$¼ to C$19.

EUROPE

Major indices sink to year's low

SHELL-SHOCKED investors in Europe did little but watch prices slump as indices went through the floor in very thin trading yesterday, *writes our Markets Staff.*

FRANKFURT took a battering in the *fall-out from Tuesday's* drop on Wall Street. Foreign investors were particularly jumpy, placing large sell orders in a nervous market hanging on the dollar's movements.

The Commerzbank index dropped 57.4 to 1,427.9 and the Boersen-Zeitung index of 30 leading shares fell 7.21, or 2.4 per cent, to close at a year's low of 296.61. The previous low of 296.94 was posted on October 29.

Export-led issues took the hardest knocks with cars sharply lower. Tyre maker Continental slumped DM13, or 5.4 per *cent, to DM232.*

The German bond market rallied on expectations of currency gains through the dollar decline. The Bundesbank bought $100.6m worth of paper as the dollar was fixed higher at *DM1.7090 after Tuesday's* record low of DM1.7050.

ZURICH grew increasingly apprehensive about the falling dollar and the sorry state of world stock markets. The Credit Suisse index plunged 14.2 to 458.8, *its lowest level for the* year. The previous low was on October 29 when the index stood at 459.8.

In lower banks, UBS lost SFr100 to SFr3,760, Swiss Bank Corp shed SFr4 to SFr403 and Credit Suisse was SFr110 lower at SFr2,590.

Chemical shares continued *their recently lower trend and* holdings gave up most of the gains they had gleaned in the previous two sessions.

AMSTERDAM sunk into deeper gloom after other European bourses closed lower. The ANP-CBS index was down 8.3 at 213.2, its lowest level since June 1985, as blue chips were marked down on expectations of a further slide in the dollar.

News that the Dutch central bank reduced by 0.25 percentage point its key interest rates gave little heart to the market. Royal Dutch lost Fl 7.50 lower to Fl 201.00, while Akzo, trading ex-Fl 1.50 interim dividend, shed Fl 6 to Fl 93.

PARIS drew little encouragement from a partial recovery in the dollar or the cut in British interest rates. The CAC index shed 10.00 to 300.9, or 3.2 per cent, in quiet trade.

Leading blue chips underlying the share options index were all lower. Thomson-CSF again led declines, falling FFr56 to FFr770. Peugeot was also down FFr50 to FFr1,094 and Paribas slipped FFr4 to FFr353.

BRUSSELS was taken lower by the depressed international trend and uncertainty about next month's general election. Share prices were lower over a broad front and the cash market index shed 102.64 to 3,844.69 in moderately active trading.

Chemicals were especially weak, with Solvay and UCB both BFr500 lower at BFr10,150 and BFr8,000 respectively. Insurers and retailers suffered sharp losses, while banks eased.

STOCKHOLM *came* under selling pressure and closed well down as foreign investors liquidated their holdings in thin trade with few buyers to be seen.

Dollar sensitive issues were also badly hit. Volvo dropped SKr18 to SKr285 and Saab declined SKr16 to SKr177. Most other shares posted falls of around NKr5.

OSLO tumbled following sharp losses on major Asian and European exchanges. The all-share index dropped 16.91 to *291.70 on low turnover.*

SOUTH AFRICAN gold issues continued their decline yesterday. The gold index lost 9 per cent to 1,578 with Gold Fields tumbling R10 to R55, Freegold down R4 at R39.50 and Vaal Reefs off R33 to R315.

Other mining issues lost ground in sympathy, De Beers finishing R2 lower at R23 and Anglo American shedding R7, or 11 per cent, to R59.

MILAN fell in line with other stock markets as all sectors moved broadly lower. The MIB index lost 8 to 725, a slide of 1.49 per cent, in thin trading. The close was only 4 points above the 1987 low of 721 registered on October 29.

Blue chips were hard hit and and continued to decline in after hours trading. However, Montedison recouped early losses to close up L15 at L1,585 *after its recent heavy fall.*

MADRID dropped sharply as already jittery investors were swept along with the tide of turmoil on international equity and currency markets. The general index lost 7.94 to 231.62, eroding the *small gains* of the past two sessions.

Base rate cut lifts London from trough

THE CITY of London was trying yesterday to balance the optimism expressed on the UK economy by the Chancellor of the Exchequer with the implications of the sliding dollar, and shares had a highly volatile session, *writes Terry Byland in London.*

During the morning, prices *plummetted by around 5 per* cent, falling through several chart support levels to beneath the levels last seen on Big Bang day a year ago.

London was upset by the renewed slide in the US curren*cy which has occurred despite* "massive intervention by the major industrial countries", commented Dr Arnab Banerji of Nomura Securities.

At one stage, shares were in a free fall, with market makers competing to mark prices down ahead of one another - the loser was promptly "filled in" with stock sold to him by his competitors.

The brunt of the selling was taken by shares in Britain's major exporters, as investors became alarmed at prospects for dollar sales.

But the picture changed af*ter the Bank of England* prompted cuts of half a point in base rates by Britain's major banks.

While the cuts were not unexpected, some analysts suggested they might be the first step in a concerted effort to restore financial health in the global markets.

While buying interest remained thin, shares recovered *about half of their early falls.* The FT-SE 100 index closed at 1,608.1, down 45.8, compared with a mid-session low of 1,565.4.

Market traders, who sounded shell-shocked before lunch, *went home in a more hopeful* mood to await reports from the speech in the City of London by Mr Nigel Lawson, the UK Chancellor of the Exchequer.

"Perhaps he knows what the Yanks are going to do - in other words, here comes the cavalry", said one weary equity trader.

Government bonds continued to rise, benefiting from the search for safer investment havens than shell-shocked equities.

Unhappiness with Mr Lawson's ackowledgement that inflation may rise next year sent *investors scurrying into in*dex-linked gilts.

ASIA

Nikkei bows to overseas declines

TOKYO

THE OVERNIGHT slump in New York and London stocks, coupled with the stronger yen, depressed Tokyo sentiment yesterday to drive share prices sharply lower, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average shed 298.07 from Monday to 23,060.53. Trading was thin at 567m shares and comparable with Monday's 564m. Falls outpaced rises by 654 to 243, with 121 issues unchanged. The market was closed on Tuesday.

Small-lot sales of high-techs, financials and large capitals *followed the dollar's further* fall against the yen, on fears for their earnings.

In high-techs, Fujitsu shed Y30 to Y1,100, Sony Y120 to Y3,880, Fuji Photo Film Y130 to Y3,530 and NEC Y60 to Y1,820.

Financials also lost favour, with Dai-Ichi Kangyo Bank losing Y110 to Y2,870, Yasuda Trust and Banking Y140 to Y1,900 and Daiwa Securities Y70 to Y2,280.

Steels and other large-capital *issues proved unpopular,* though Nippon Kokan crested the active list on trade of 69.85m shares to end steady at Y359. Nippon Steel fell Y6 to Y435, Kawasaki Steel Y7 to Y347 and Mitsubishi Heavy Industries Y14 to Y637.

However, some large-capital shipbuilding stocks firmed on the perception that they were trailing large-capital steels. Ishikawajima-Harima Heavy Industries gained Y16 to Y656, Hitachi Zosen rose Y3 to Y235, while Mitsui Engineering and Shipbuilding, second busiest with 37.75m shares traded, closed Y8 higher at Y293.

Tokyo Electric Power attracted strong buying interest, helped by lower interest rates. The issue finished Y100 higher at Y6,900, despite weakness in other power and gas utilities.

Among speculative issues, Matsui Construction and Ishii Iron Works scored maximum permissible single-day gains of Y200 and Y100 to Y1,530 and Y830 respectively.

Bonds opened strongly, with the yield on the benchmark 5.1 per cent government bond ma*turing in June 1996 falling to* 4.440 per cent at one stage, lower than the three-month certificate of deposit rate.

However, later selling took the yield on the benchmark issue to close at 4.560 per cent, *compared with 4.575 per cent at* Monday's close.

The Osaka securities exchange fell for the first in four sessions. The OSE stock average closed 69.51 off at 23,690.61 on volume of 67m shares, 12m shares down from Monday.

HONG KONG

TRADE in Hang Seng Index futures contracts was again at a virtual standstill, with only 240 November contracts traded, *writes David Dodwell in Hong Kong.* The futures index slumped a further 180 to 2,005.

Similar weakness showed on the stock exchange. The Hang Seng index fell by 103.63 to 2,077, with volume a bare HK$1.2bn.

Brokers said sellers continued to emerge - particularly international institutions - whenever prices showed signs of a rally. Some said they did not expect firm buying support above 1,800 on the Hang Seng.

The impending rights issues *from Mr Li Kashing's group of* companies also depressed sentiment. Payments by underwriters to these issues must be made next Tuesday, and amount to HK$6.6bn.

Among falls yesterday, Hang *Seng Bank lost HK$1.50 to* HK$27.30 and Bank of East Asia 70 cents to HK$18.50. Properties were substantially down and in traders Jardine Matheson dived 55 cents to HK$9.10.

AUSTRALIA

HEAVY selling spurred by steep overnight falls in New York and London sent Sydney prices into a tailspin which erased the past three sessions' gains. The All Ordinaries index ended 74.4 off at 1,290.0.

Gold issues fell hardest on bullion's poor performance. Metana plunged 70 cents to A$8.30, with Renison and Poseidon down 50 and 30 cents in turn to A$7.80 and A$9.

Resources caught a cold, with CRA down 60 cents to A$4.70 and Peko off 50 cents at A$5.80. Oils and blue chip industrials also fell sharply.

SINGAPORE

WORLD MARKET weakness cast a pall over Singapore share prices, leaving *them substan*tially lower in orderly selling peppered with bargain hunting. The Straits Times industrial index lost 20.54 to 857.51.

Banks fell sharply, DBS losing 30 cents to S$9 and OCBC shedding *20 cents to S$7.10.* Singapore Airlines dropped 35 cents to S$9.20 and Singapore Land 22 cents to S$3.68. Fraser and Neave was 30 cents down at S$7.25.

Maggie Ford on an enthusiastic campaign to promote wider share ownership

Seoul bright spot in the gloom

AT THE MOMENT, South Korea is perhaps the only country where it could happen. Presidential candidates, campaigning for election, have turned their attention to the financial *sector and offered more* opportunities for small investors to buy shares on the stock market.

In a campaign pledge that might invite ridicule in any other country just now, Mr Roh Tae Woo, the ruling party candidate, *said this week he would* privatise large chunks of state-owned companies and distribute the shares to lower income people, if elected.

Mr Kim Young Sam, an opposition candidate, promised to privatise the stock exchange itself and promote much wider share ownership.

Both pledges are likely to be warmly received by individual South Korean investors, who have escaped almost unscathed from October's global crisis.

The South Korean stock market is not open to foreign investment except through a few small overseas funds. After Black Monday the index fell 12 points, a 2.36 per cent drop, but by the end of the week this had been fully recouped.

The following week it dropped a further 11 points in a single day as investors grew worried that a US recession could hit South Korea's exports. This week the losses had again almost been recouped until yesterday's 8 point fall, mainly attributed to impatience over Ministry of Finance measures that have not mateialised and to the dollar's fall.

The index has almost doubled this year, reflecting South Korea's excellent economic performance and the liquidity generated by a current account surplus which is expected to double this year to around $10bn.

Analysts say South Korea would obviously suffer along with other exporting nations if a US *recession were deep.* But they believe the competitivenesses of its products - particularly compared with Japanese goods suffering from an appreciating yen - could cause US consumers to buy cheaper.

Mr Roh Tae Woo: shares for the people

The South Korean currency, the won, has appreciated by almost 8 per cent this year and is expected to rise by about 10 per cent by the end of the year. As it is not convertible and its rate against the dollar is set by the Government, some investors are concerned that further falls in the dollar's value will heighten pressure to appreciate the won further.

Foreigners can at present invest in South Korea only through four convertible Eurobonds or two funds, the Korea Fund and the Korea Eurofund.

"The Eurofund is now trading at $17 a share, the same as its starting price earlier this year," said Mr Scott Kalb of James Capel. "At a premium of 40 per cent this is an attractive investment for those taking the long-term view."

Premiums on the convertible bonds issued by Samsung Electronics and GoldStar have fallen to around 75 per cent from levels of 200 or even 300 per cent a month ago.

Analysts believe the Seoul market will remain insulated from the shock waves affecting the rest of the world. Political uncertainty in advance of December's general election may well slow its advance, however, and concern will probably continue about an international recession.